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IV - Semester

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CONTEMPORARY INDIA SINCE 1947 A.D.

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INTRODUCTION

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Each nation has its own political system and each political system essentially carries the legacy of its past. Continuity of tradition, modernisation of tradition, and continuity and change are simultaneously present in every political system. The political system of independent India is no exception to this generalization. It stands positively as well as negatively influenced by its past. As we know that the modem India is the product of centuries of evolution and the experiences of many racial groups that have either got amalgamated or coexisted in the subcontinent.

The book, *Contemporary India Since 1947 AD* explores the political and socio-economic condition of India after independence. It explores the reorganization of Indian states and neighbour countries relations. It also highlights the five year plans and rural development. The internal and external policies have also been covered in this book.

This book is written with the distance learning student in mind. It is presented in a user-friendly format using a clear, lucid language. Each unit contains an Introduction and a list of Objectives to prepare the student for what to expect in the text. At the end of each unit are a Summary and a list of Key Words, to aid in recollection of concepts learnt. All units contain Self -Assessment Questions and Exercises, and strategically placed Check Your Progress questions so the student can keep track of what has been discussed.

BLOCK I
INTEGRATION OF INDIAN STATES AND FOREIGN POLICY

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UNIT 1 INDIAN INDEPEDENCE AND INTEGRATION

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1.0 INTRODUCTION

The independence of India was a result of selfless and patriotic efforts made by freedom fighters. August 15, 1947 was the dawn of a new beginning, the beginning of an era of deliverance from the clutches of British colonialism after more than 200 years. India's gaining of independence was a tryst with destiny, as the struggle for freedom was a long and tiresome one, witnessing the sacrifices of many freedom fighters, who laid down their lives on the line. The Non-Cooperation Movement was pitched in under leadership of Mahatma Gandhi and the Indian National Congress from September 1920 to February 1922, marking a new awakening in the Indian Independence Movement. In August 1942, Gandhiji started the 'Quit India Movement' and decided to launch a mass civil disobedience movement 'Do or Die' call to force the British to leave India. The movement was followed, nonetheless, by large-scale violence directed at railway stations, telegraph offices, government buildings, and other emblems and institutions of colonial rule. A Cabinet Mission was sent to India in March 1946, which after a careful study of the Indian political scenario, proposed the formation of an interim Government and convening of a Constituent Assembly comprising members elected by the provincial legislatures and nominees of the Indian states. An interim Government was formed headed by Jawaharlal Nehru. However, the Muslim League refused to participate in the deliberations of the Constituent Assembly and pressed for the separate state for

Pakistan. This led to the formation of two nations, India and Pakistan. During the period of independence, they were many princely states which were given the choice to either join India or Pakistan. In this unit, we will study in detail about the Indian independence, formation and the role of Indian National Army and the integration of princely states with India.

1.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the causes of partition of India
- Discuss the events that led to the independence of India from the British
- Explain the formation and the role of Indian National Army in the independence of India
- Describe the integration of princely states with India during the period after independence

1.2 INDIA ON THE EVE OF INDEPENDENCE AND PARTITION

By the start of the 1940s, the freedom movement was in full swing. Let us look at the final series of events that led to independence.

August Offer, 1940

Meanwhile, a change of government took place in Britain in May 1940 and Winston Churchill became the Prime Minister (1940–1945). The fall of France temporarily softened the attitude of the Congress. Britain was in immediate danger of Nazi occupation. On 1 June 1940, Gandhi wrote, 'We do not seek our independence out of British ruin'. As the war was taking a menacing turn from the allies' point of view, the Congress offered to cooperate in the war effort, if at least a provisional National Government was constituted at the Centre and the right of India to complete independence was acknowledged by Great Britain. The government's response came as a statement from the Viceroy, on 8 August 1940. This was known as the August Offer. It referred to the need to consult representatives of 'several communities' and it was made clear that the British would not transfer responsibilities 'to any system of government' whose authority is directly denied by large and powerful elements in India's national life. This in effect was an approval of one of Jinnah's central demands, since the outbreak of the war. Jinnah was not only the League sole spokesman for India's Muslims, but he also had the League's power to veto any constitutional changes that the League considered detrimental.

Meanwhile, the British government stated that it would welcome the efforts of representative Indians themselves to reach a basis of friendly agreement. They

hoped that immediate effect would be given to the enlargement of the Central Executive Council by nominating additional Indian members and to the establishment of a War Advisory Council. The War Advisory Council was believed to comprise representatives of British India and the Indian states. The August Offer shocked nationalists and Gandhi at last, sanctioned Civil Disobedience, but of a peculiarly limited and deliberately ineffective kind. The Congress started its individual Satayagraha. The first man to court arrest was Vinobha Bhave, the Bhoodan leader. He was followed by Jawaharlal Nehru, who in November, was sentenced to four years of rigorous imprisonment. Others, such as Vallabhbhai Patel and Maulana Azad also participated in this Satyagraha.

Nearly 20,000 Congressmen courted arrest during the 1940–1941. However, the movement petered out by the autumn of 1941. It was decided that if the government did not arrest a Satyagrahi, he or she would not only repeat the performance but would also move into the villages and start a trek towards Delhi. This marked the beginning of a movement that came to be known as the Delhi Chalo movement. The aims clearly were not to cause any serious embarrassment to the British, but merely to register the presence of the Congress and hostility to a war being waged without consulting Indians. This was also meant to give Linlithgow no opportunity for a major crackdown. At the same time, this movement was also intended to give the British Government further opportunity to peacefully accept the Indian demands.

In February, Chiang Kai-Shek, during his visit to India, publicly expressed sympathy for India's aspirations for freedom. All this provided an opening for relatively pro-India groups, particularly Labour members of War Cabinet like Cripps and Attlee in Britain. These groups persuade the War Cabinet in the first week of March 1942 to agree to a draft declaration that promised post-war dominion status with the right of secession. A constitution-making body was elected by provincial legislatures, with individual provinces being given the right not to join it and with the states being invited to appoint representatives. Cripps proposal also had a clause that invited immediate and effective participation of the leaders of the principal sections of Indians in the national council on urgent issues. However, this clause also insisted that the British, during the war, would have to retain the control and direction of the defence to India. The declaration was not published immediately, but Cripps went to India on March 23 to negotiate on its basis with Indian leaders. Negotiations between Cripps and the Congress leaders broke down. The Congress objected to the provision for Dominion status instead of complete independence, the representation of the princely states in the constituent assembly not by the people of the states but by the nominees of the rulers and above all, by the provision for the partition of India.

The British government also refused to accept the demand for immediate transfer of effective power to Indians and a real share in the responsibility for India's defence of India. Gandhi urged the Working Committee to reject the post-dated proposal. The reason for the failure was that Cripps was asked not to go

beyond the draft declaration. Moreover, Churchill, the Secretary of State (Amery), the Viceroy (Linlithgow) and the Commander-in-Chief (Wavell), did not want Cripps to succeed and constantly sabotaged his efforts to accommodate Indian opinion. Cripps left behind frustrated and embittered Indian people.

Cripps' Proposal

After Japan attacked Pearl Harbour in December 1941, it was evident that India would be the next target of the Japanese forces. In April 1942, Britain sent Sir Stafford Cripps to India. He came with an offer for all provinces, for complete dominion status with the right to leave the Empire and Commonwealth, after the war. It was also recommended by Cripps that any province that did not wish to join India could turn into an independent state. As the war approached India (Singapore fell on 15 February 1942, Rangoon on 8 March and the Andaman islands on 23 March), the British at last felt obliged to make some gestures to win over India's public opinion. Roosevelt raised the topic of Indian political reforms in his talks with Churchill in Washington, in December 1941. On 2 January, Indian liberal leaders like Sapru and Jayakar appealed for an immediate dominion status and expansion of the Viceroy's executive into a national government.

Quit India Movement

Cripps' proposal was rejected by Nehru and the Congress, who instead demanded a complete cabinet government in which Indians had complete power of decision-making in India. The concept of independence of provinces was against the aim of the Congress to create a strong and united India with central governance. These demands were rejected by the British government. This followed the Congress's decision to support Gandhi's non-violent 'Quit India' campaign. This campaign was declared in August 1942. Independence with immediate effect was Gandhi's demand and this demand was supported by a threat of a movement of mass non-violence (satyagraha). His demand was that the British move out of India, with the exception of the troops that were fighting against Japan. Indian cities began to witness peaceful demonstrations. Later, these demonstrations mostly turned violent. This movement also blocked supplies for the British forces. In these circumstances and a constantly declining support base for the British, Mahatma Gandhi decided to launch a final offensive against the British rule. Thus, the famous Quit India movement began in August 1942. Following were the reasons for the outbreak of the movement:

- There was anger and hostility towards meaningless war, especially when thousands of wounded soldiers returned from the Burmese war.
- Prices of food grains were rising; almost 60-point rise in eastern UP between April and August 1942. There was also shortage of rice and salt.
- The majority of British, American and Australian soldiers stationed in India ill-treated Indians; many of them even raped Indian women.

- The boats of common men, in Bengal and Assam were seized and destroyed, due to the fear of Japanese attack in Bengal and Assam. Gandhi wrote in *Harijan*, 'To deprive people in East Bengal of boats is like cutting off vital limbs' (3 May 1942).
- During the crisis of food grains, Indian markets were controlled by black marketeers and profiteers. This affected the poor most, especially in eastern India.
- The war made some traders and capitalist wealthy, but a large section of *Banias* and *Marwaris* started suffering losses in Malaya and Burma, from mid-1942 onwards. The capitalist element in the Congress Working Committee took notice of it.
- The success story of Japanese in South-East Asian countries demystified the superiority of Europeans, especially the British.

Thus, in mid-1942, the condition in India was that of chaos. Even Gandhi, who was generally patient, was becoming impatient and in a different and militant mood. He urged the British, 'This orderly disciplined anarchy should go and if as a result there is complete lawlessness, I would risk it.' Congress leaders met at Wardha in mid-July to discuss the course of action and on 8 August 1942, the Quit India resolution was passed by the Bombay session of the AICC (All India Congress Committee). The leaders made an enthusiastic call for mass struggle on non-violent lines, on the widest possible scale. In his famous 'do or die' speech, Gandhi declared, 'let every Indian consider himself to be a free man. Mere jail going would not do.' Interestingly, Jawaharlal Nehru, Bhulabhai Desai and Rajgopalachari opposed the Quit India resolution. Though Nehru, as always, fell in line and moved the Quit India resolution, which had the following conditions:

- Immediate end to British rule in India. The British were clearly told, 'Quit India'.
- India is committed to defend itself against all types of Fascism and Imperialism.
- A provisional government of India after British withdrawal. Apart from formal resolutions, Gandhi, in an informal way at Gowalia Tank Ground (Bombay), addressed various sections of society:
    - o To the students: Be ready for sacrifice and be confident and leave studies
    - o To the peasants: If zamindars are pro-government, do not pay rent
    - o To the soldiers: Do not open fire on fellow countrymen
    - o To government servants: Do not resign but oppose the government from within
    - o To princes: Support the masses and accept sovereignty of your people
    - o To the people of princely states: Support the ruler only if he is anti-government and declare your state to be a part of the Indian nation

The government took no time in taking decision and arrested most of the leaders on 9 August 1942, including Gandhi. The sudden crackdown of the British gave rise to spontaneous reaction among the people. In this movement, there were no other demands made to the British.

The nationalist leaders simply asked the British to quit India. However, the colonial government retaliated to Gandhi's call of quit India by arresting not only him but all other active members of the Congress Working Committee. People were angry at the arrest of their leaders; masses came out openly on the streets and launched attacks on the colonial government in whatever way they could. With no leaders to show them the way, people resorted to violent methods, attacked, looted and destroyed government property. The government reacted with equal severe measures and blindly killed people in open firing. With the help of large-scale killings and arrests, the British government was finally able to suppress the movement.

By the end of 1943, the number of people arrested was well over 91,000 as per the official figures. While they were successful in suppressing the people, it was becoming increasingly apparent to the British government that it would no longer be possible to hold onto India for very long. Till then, the colonial government had ruled the country with the help of the support system they had established in the country since the 19th century. This system was eroding in the face of the call for freedom and series of struggles launched by nationalist leaders.

It was apparent that without the support of people of different sections, including the peasants, workers, middle classes, rich people, police and army, it would not be possible to keep control over the country. Upon this realization, the British started preparing for a gradual and peaceful withdrawal from India. Beginning 1944, all leaders of the Congress were gradually released from jail. The process to transfer power from the British to Indian hands was also initiated. Finally, India gained independence from the mighty British imperialists in August 1947.

However, this was not an absolute victory. The country suffered a massive blow in the face of partition into two states, India and Pakistan, solely on the religious lines. The partition and independence was accompanied by communal violence at a very large scale. Thus, while the year 1947 is one of triumphs in the form of successful end to the long-drawn struggle for independence, it was also one of a great tragedy for the unity of India as the country.

Demand for Pakistan

Communal politics took a new turn in India, which was marked by propagation of the 'two-nation theory'. This theory stated that India consisted of two separate nations, on the basis of religion: Hindus and Muslims. The 'two-nation theory' was considered false in the history of India. During medieval times, a common culture was shared by both, Hindus and Muslims. Both of them had fought for freedom together during and after the Revolt of 1857. Hindus and Muslims together

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were equally repressed during the national struggle for independence. In 1940, Pakistan was demanded as an independent state at the Lahore session by the Muslim League. The basis of this demand was the two-nation theory. Many Muslims in India did not support this demand.

Role of Indian National Army (INA)

The Indian National Army (INA) was founded by Subhash Chandra Bose in 1942. They sided with the Axis Powers during the Second World War (1939– 1945) with a motive to overthrow the colonial powers from the Indian soil. The INA was also termed as the 'Azad Hind Fauz'. Japanese forces defeated the British in 1941 at Malaya. This incident inspired the Indian populace residing in Southeast Asia. The Indians came together and organized a number of associations based out of South East Asia. Pritam Singh was a leader of such an organization. He, along with Japanese officer, Major Fujihara, requested Mohan Singh to constitute an Indian Army comprising the captured Indian soldiers. Though initially reluctant, Mohan Singh yielded and Fujihara handed over around 40,000 Indian soldiers who had surrendered to him. This paved the way towards the formation of the INA. Singapore, surrendered to the Japanese in February 1942. Revolutionary activist Rash Behari Bose, then residing in Japan arranged an association named Free Indians living in Japan. A conference was held in Bangkok on 15 June 1942, where it was decided upon that a National Indian Army would be constituted. A five member working committee was formed and Rash Behari Bose was made its president. The formation of the INA was formally declared.

In the meantime, Subhash Bose left Calcutta on 17 January 1941 and arrived in Germany after travelling through Afghanistan. In Berlin, he organized an India government in exile and extended support to Germany. He began to broadcast his aims and objectives over Radio Berlin and made contact with Japan. Bose also came in touch with Adolf Hitler, who extended his help to the former. This aroused tremendous enthusiasm in India. Indians in Germany gave him the title of 'Netaji' and the slogan of 'Jai-Hind' was initiated here during this time. Bose arrived in Tokyo in June 1943, and was cordially received by the Hideki Tojo, the Japanese Prime Minister (1941–44). Japan extended their help to India. A huge crowd gathered at Singapore to receive Bose when he arrived there on 2 July 1943. On 4 July Rash Behari Bose resigned and Bose was appointed the president of the Indian Independence Movement in East Asia. On August 25, Bose took the leadership of the INA; on 21 October 1943, declared the formation of the Provisional Government of Azad Hind and on the 23rd declared war on Britain and America.

With the INA headquarters now shifted to Rangoon, Bose and his brigade arrived in Rangoon in 1944.

It was decided to keep the Indian detachment as big as a battalion; that it would be commanded by an Indian and the war would continue as per the Joint plan of Action. Meanwhile, the Indians were to fight as a separate unit on selected

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spots. The battles were to be held at the Kaladan valley of Arakan and Kalam and Haka centre of China hills to the east of Lusai hills. For this purpose, the Subhash Brigade was divided into three battalions. The first contingent captured Paletoa and Doletmai as it advanced across both the banks of Kaladan. Maudak, a British border out-post at a distance of 64 kilometres from Doletmai, was also captured by the battalion a few days later.

Soon after, the army ran short of arms and ammunition. Due to this, many soldiers left the battalion and those who were left were commanded by Surajmal.

Two other battalion, in the meantime, took charge of the Haka-Kalan borderline. It was later decided that INA would take position at Kohima, Nagaland, after the fall of Imphal at Manipur. This was done so as to allow it to enter Bengal after crossing Brahmaputra. Meanwhile, the Gandhi and Azad Brigades also advanced towards Imphal. On March 21, the Prime Minister of Japan announced that those Indian territories which had been freed from the British would be administered under the provisional independent government to be formed by Netaji.

Despite various hazards, including the short supply of food and ammunitions, the INA made advance of 241 kms inside India. A few days after the Japanese PM had made the declaration, the Americans and the British took joint steps to invade into Japan. Thus, the latter was forced to withdraw its support to India. Consequently, the INA also had to make a retreat and when the allied powers recaptured Burma, it was forced to surrender. It was then that a proposal was forwarded by Chakravarthi Rajagopalachari to provide a solution to the political impasse between All India Muslim League and Indian National Congress. This proposal is also known as the C. Rajagopalachari's formula (or C.R. formula or Rajaji formula) and was given on the eve of the Indian independence from the British. However, Gandhi argued that the formula conceded to the core demand of the Muslim League. Gandhi wanted the League to renounce its Lahore Resolution, which he argued was based on the two-nation theory. On the other hand, Mohammad Ali Jinnah opined that Gandhi must accept the demand of the League and accept that Hindus and Muslims were two independent nations.

Wavell Plan and Simla Conference (1945)

After the talks between Gandhi-Jinnah failed, the new viceroy of India called Wavell, who had Lord Linlithglow, was of the opinion that any new initiative should be forwarded by the government. On June 14, 1945, new proposals were put forward in order to make fresh constitutional changes in India within the framework of the 1935 Government of India Act. On June 25, 1945, a conference was organized in Shimla in order to bring the representatives of both the parties on the same table. While the proposals that were put forward were conciliatory, they also proved unsatisfactory and provocative for some others. As per the Viceroy, the Executive Council was to be completely comprised of Indian except for the Viceroy himself and the British Commander-in-Chief.

It was decided that while the special powers of the Viceroy would not lapse officially but they would not be used 'unreasonably'. Such characteristics of the proposals, which were divisive in nature to some extent, were also put on the table at the conference. It was hence decided that both the communities, i.e. the Hindus and the Muslims, would be equally represented in the Council. In other words, the demand of the Muslim League for parity on a communal basis had been officiated through an official declaration of the British policy for the first time. The summoning of the Simla Conference was the concrete outcome to the Wavell Plan.

The Simla Conference started on a note of optimism. Gandhi believed in the sincerity of the Wavell Plan and that it would lead to freedom of the nation. However, Jinnah 'flatly refused to cooperate', as was later reported by Wavell. He felt that the leader of the Muslim League undermined the conference and will continue to do so until it conceded to its terms. One of these demands was that those Muslims who do not belong to the League not be appointed to the Executive Council. However, Abul Kalam Azad, who was the then Congress president, firmly opposed such a demand. He felt that the party would be deceiving its Muslim members if it were to accept the demands of the Muslim League.

However, Wavell refused to go ahead without the approval of Jinnah. When Jinnah refused to cooperate, the viceroy announced that the conference had failed. For many months to come, the Muslim League refused to concede to the common demands of the proposal. Therefore, the struggle of freedom came to be dominated with communal colours. While it was now clear that the British were ready to free India of its clutches, the conflict arose between those who wished to see India as a united and secular state and those who wanted a division on religious lines.

Cabinet Mission Plan (1946)

The aim of the British Cabinet Mission of 1946 to India was to discuss and plan for the transfer of power from the British Raj to Indian leadership. The objective was to provide India with independence under Dominion status in the Commonwealth of Nations. The Mission was formulated at the initiative of Clement Richard Attlee, the Prime Minister of the UK. It comprised of Lord Pethick-Lawrence, the Secretary of State for India; Sir Stafford Cripps, President of the Board of Trade; and A.V. Alexander, the First Lord of the Admiralty. However, Lord Wavell, the Viceroy of India, did not participate.

During the general elections of England, held in 1945, the Labour Party, under the authority of Attlee, routed the Conservatives, under British Conservative politician and statesman, Winston Churchill. Later on, Lord Wavell was summoned to London who informed that Britain had decided to quit India.

Soon after, general elections were also held in India in 1945-46 for provincial assemblies and the legislative assembly at the Centre. In these elections, the Congress won fifty-seven seats in the central legislative assembly, while the Muslim League took over all the thirty seats reserved for the Muslims. In 1937, the Congress had 714 seats in the provinces, while it won 923 seats in 1946.

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On the other hand, in 1937, the Muslim League was able to occupy only 109 seats out of the Muslim quota of 492; however, in 1946, it won 425 seats. The British Cabinet Mission, a special mission of cabinet ministers, came to India on 24 March 1946 to enable the nation to gain independence as fast as possible. The Mission was in India for almost five weeks to discuss important issues with significant representatives of Indian states and those of British India.

A conference was held on 5 May 1946 at Simla, wherein leaders of the Congress and the Muslim League participated to discuss about:

- Grouping of provinces
- Character of the federal union
- Setting up of a constitution-making machinery

However, the conference was closed due to incompatibility between the Congress and the League. On 16 May 1946, the Mission published a statement, popularly known as the Cabinet Mission Plan, with their recommendations. The important provisions of the Plan are as follows:

1. A federation comprising of both the princely states and British India was to be formed, which should deal with defence, foreign affairs and communications.
2. The federation should comprise of an executive and a legislature.
3. The provinces of British India should be vested with all residuary powers and all subjects, except for the Union subjects.
4. All subjects would be under the princely states except for those surrendered to the Union.
5. Provinces should have the liberty to form groups (sub-federal).
6. A provision should be made in the constitution of the Union, which would allow any province, by a majority vote of its legislative assembly, to necessitate a reconsideration of the terms of the Constitution after an initial period of ten years.
7. A constituent assembly should be formed on the basis of the recently elected provincial legislatures. The assembly should be formed by allotting to each province a total number of seats proportional to its population. Elections should be held by a method of proportional representation with single transferable vote.
8. The administration of the country should be carried out while the Constitution of India was being formulated. An interim government should also be set up which should have the support of major political parties.

Direct Action Day

The League decided that 16 August 1946 would be observed as 'Direct Action Day' throughout the country for the purpose of winning the separate Muslim state. In

this tense situation, the viceroy's decision to invite the Congress to form the interim government at the Centre added fuel to the fire. In Calcutta, on 16 August 1946, the League organized public demonstrations and strikes, resulting in clashes and rioting all over the city. The mob fury continued for four consecutive days, after which normalcy was gradually restored. The Bengal government led by the League leader, H.S. Suhrawardy, had declared 16 August a public holiday, which made things worse. Nor did it call the army until the situation became completely out of control.

Attlee's Announcement

It was obvious that something drastic had to be done to break the deadlock. The initiative was taken by Attlee, who on 20 February 1947, announced in Parliament that the government's 'definite intention was to transfer power' into responsible Indian hands by a date not later than June 1948. This historic declaration caught everyone by surprise. It was declared that the British would be pulling out of the country little more than a year hence. The Indian people would have to settle their differences before then. Attlee, on 20 February 1947, announced that the British would withdraw from India by 30 June 1948, and that Lord Mountbatten would replace Wavell.

British powers and obligations vis-à-vis the princely states would lapse with transfer of power but these would not be transferred to any successor government in British India. Partition of the country was implicit in the provision that if the constituent assembly were not fully representative then power would be transferred to more than one Central government. It was hoped that fixing a deadline would shock both parties to come to an agreement. The Muslim League launched civil disobedience in Punjab, which led to the fall of Punjab Chief Minister, Malik Khizar Hayat Khan's ministry.

Jinnah saw victory in sight and made a desperate attempt to secure control over the provinces with Muslim majority. Riots broke out in wild frenzy in Calcutta, Assam, Punjab and North-West Frontier Province. The new Viceroy reached India on 22 March 1947. He had come with instructions to work for a united India; but meetings with leaders of different parties and communities soon convinced him that partition was inevitable. Few people desired the country's dismemberment. Gandhi declared that India would be divided 'over my dead body'. Abul Kalam Azad was vehemently opposed to the creation of Pakistan. But Jinnah was adamant: Muslims must have their own state.

Mountbatten Plan

Mountbatten now set about convincing Congress leaders of the necessity of partition. He made use of two opposite lines of reasoning. On the one hand, he declared that 'the truncated Pakistan, if conceded now, was bound to come back later'; on the other hand, he promised that if India's two unwilling wings were lopped off, a strong and united Centre would be the result. This second argument appealed to Home Minister Sardar Patel, who was already taking into consideration the internal

security of the country. Mountbatten overcame Pandit Jawaharlal Nehru's objection by an appeal to his democratic instinct. No community, the Viceroy said, should be forced to join a nation against its will. Now, it was time to speak with Gandhi. In a last desperate effort, Gandhi suggested making Jinnah the head of the government of an undivided India. The Muslim leader could select the entire ministry himself. But after their sad experiences in the interim government, Patel and Nehru were unwilling to expose themselves to Jinnah's caprices. Finally, even Gandhi relented. Attlee announced the plan in the House of Commons on 3 June 1947, which came to be known as the 'June 3rd Plan.' The Government's Plan or the Mountbatten Plan dealt with the method by which power will be transferred from British to Indian hands, in particular the methods by which Muslim-majority provinces would choose whether they would remain in India or opt for the 'new entity' that is Pakistan. In Sind and Baluchistan, a straightforward decision would be made by the provincial legislatures. The legislatures of Bengal and Punjab would have to make two choices; first, whether the majority was for joining Pakistan, and, if so, whether the provinces should be partitioned into Muslim and non-Muslim areas. Special arrangements were made to determine the popular will in the North-West Frontier Provinces and in the Muslim majority district of Sylhet in Assam. Boundary commissions would be set up if partition was desired.

The Indian constituent assembly would continue to function but a separate assembly would be convened for areas that chose to become parts of Pakistan. The provincial choices went as expected. Baluchistan, Sind and the North-West Frontier opted for Pakistan. Punjab and Bengal decided for double partition—the provinces would leave India, but their Muslim-minority areas would remain parts of the mother country. Sylhet would join the eastern wing of Pakistan.

Boundary commissions were set up to delineate frontier between Muslim and non-Muslim areas of Punjab and Bengal. The English Chairman of the two tribunals, Sir Cyril Radcliffe, was ultimately requested to make his own award. Not only the land, but also the financial and material assets of India had to be divided. Each of the new nations had to have its own civil services and armed forces. Lord Mountbatten showed considerable 'expedition and dispatch' in bringing about a solution to these and other problems before the deadline expired.

The Indian Independence Act of 1947 gave a legal effect to the June 3rd Plan. The Bill was introduced in the British Parliament on 4 July 1947. It was passed quickly and without amendment, and on 18 July 1947, it received the Royal assent. India had won her freedom but the price had been partition. The Dominion of Pakistan was inaugurated in Karachi on 14 August 1947. At midnight of 15 August 1947, as the clock struck 12, India became free. Nehru proclaimed it to be the nation with his famous 'Tryst with Destiny' speech. On the morning of 15 August 1947, Lord Mountbatten was sworn in as Governor-General and he in turn swore in Jawaharlal Nehru as the first Prime Minister of a free India. The 15 August 1947 dawned, revealing the dual reality of independence and partition.

Lakhs of refugees, forced to leave the lands of their forefathers, were pouring into the two new states. The symbol of this tragedy at the moment of national triumph was the forlorn figure of Gandhiji—the man who had given the message of non-violence, truth, love and courage, and manliness to the Indian people. In the midst of national rejoicing, he was touring the hate-torn land of Bengal, trying to bring comfort to people who were even then paying the price of freedom through senseless communal slaughter.

Indian Independence Act, 1947

The Indian Independence Act declared that the British power over the Indian states would lapse on 15 August 1947. The states were allowed to join either India or Pakistan. Before that date, most of the states had signed the Instrument of Accession by which they agreed to accede to India. But there were some states which thought that in the changed situation, they were entitled to declare their independence.

Independence and Partition

The last two years of British rule were marked by tortuous negotiations between British, Congress and League statesmen. These were increasingly accompanied by communal violence, culminating in freedom accompanied by partition and sporadic, localized but often extremely militant and united mass action—the INA release movement and the RIN mutiny in 1945–1946, the Tebhaga upsurge in Bengal, Punnapra vayalar in Travancore and the Telengana peasant armed revolt in Hyderabad.

In addition, there were numerous agitations, strikes and demonstrations all over the country. The mass pressure, thus generated, helped in bringing about the decisive shift in the British policy. Another important development was the change in the total objective situation worldwide as well as in India. Germany had been destroyed and Japan had surrendered after Hiroshima bombing in August 1945. Socially radical regimes with communist leadership or participation were emerging throughout Eastern Europe and seemed on the point of doing so even in France and Italy. The Chinese revolution was forging ahead, and a tremendous anti-imperialist wave was sweeping through South-East Asia with Vietnam and Indonesia resisting efforts to restore French and Dutch colonial rule. With a war weary army and people and a ravaged economy, Britain would have had to retreat; the labour victory further quickened the process somewhat.

The partition was to be effected in the following manner. If the members of legislative assemblies of Bengal and Punjab were to decide in favour of partition by a simple majority, a boundary commission, set up by the viceroy, would demarcate the appropriate boundaries. Sind and Baluchistan would decide which constituent assembly to join. In the NWFP, there was to be a referendum to ascertain whether it would join Pakistan or not. The Muslim-majority district of Sylhet was

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also to decide by referendum whether it would join East Bengal or would remain in Assam. The British Parliament would undertake legislation to transfer power before the end of 1947 to one or two successor authorities on a dominion status basis. This was to be done without any prejudice to the final decision of the constituent assembly on whether to stay in the Commonwealth or not.

The Muslim League accepted the plan within a week and so did the Congress. The Congress had no alternative, according to Abul Kalam Azad, but to accept the plan. It was important to arrest the drift towards anarchy and chaos.

The lesser evil had to be chosen. Partition was better than murder of the hapless citizens. Gandhi, who had till now steadfastly opposed the division of India, also supported the resolution. The task was enormous but time was running out. Punjab and Bengal were divided by two boundary commissions with Sir Cyril Radcliffe as the chairman of both. East Bengal, West Punjab, Sind and Baluchistan opted for Pakistan while West Bengal and East Punjab opted for India. Sylhet threw its lot with Pakistan. In the NWFP, Abdul Gaffar Khan and the Red Shirts demanded an independent Pakhtoonistan. This was found to be unacceptable. The Red Shirts did not participate in the plebiscite, which went in favour of joining Pakistan.

Check Your Progress

1. What did the August Offer refer to?
2. What was the aim of the British Cabinet Mission of 1946?
3. What were the points of discussion between the Muslim League and the Congress at the Simla Conference on May 5, 1946?

1.3 INTEGRATION OF INDIAN STATES

During the period of independence, India had two categories of political units; these were the British provinces and the princely states. The Indian Independence Act, 1947, affirmed that British dominance over the Indian states would end on 15 August 1947. These states were given the option to either be part of India or part of Pakistan. The leaders of India and Pakistan eagerly competed to secure the entry of the princely states into their respective territories.

In July 1947, the States Department was taken over by Sardar Patel, who exhibited skill in managing the state affairs, corresponding to this situation. He was provided able assistance by V. P. Menon. Stimulating the feelings of patriotism and nationalism within the rulers of the princely states, Patel persuaded them to go in with the Indian Constituent Assembly. He told them that they would only be required to submit the authority of the following three prime offices: (i) external affairs, (ii) defence and (iii) communications to the Indian dominion. He brought to

their attention that during the British rule, they were not given much authority in these three areas. There were no plans to modify the internal political structures in any way. Mountbatten also advised the princes to agree to the offer made by the Congress and consider it as a move of generosity. He pointed out towards the possibility of rebellion after 15 August. By 15 August, official acceptance of accession came from the rulers of all 562 states, except the states of Junagarh, Kashmir and Hyderabad.

The Nawab of Junagarh, a small state on the coast of Kathiawar, declared that his state would join Pakistan. However, the people of his state expressed the desire to join India. Finally, Indian troops took over the state and organized a referendum, which indicated the people's desire to join India. The Nizam of Hyderabad tried to gain an independent status but was forced to give in to India. This was a result of an internal revolt that erupted in its Telangana territory, following which the Indian troops marched into Hyderabad, in 1948. The Maharaja of Kashmir was also in a state of confusion about accession to India or Pakistan. However, he joined India in October 1947 after invaders from Pakistan raided the state.

However, there were more difficult tasks to be achieved. One of these was integration of the states with neighbouring units or combining them into new units like Kathiawar Union, Vindhya and Madhya Pradesh, Rajasthan or Himachal Pradesh. In addition to this was the task of bringing about internal changes, within the Constitution, related to the states (Hyderabad and Mysore, Travancore-Cochin), which for some years had kept their old boundaries intact. This task too was completed within a short period, which exceeded a bit more than a year. This was a remarkable achievement. In this case, the chief factors of motivation were promises of generous confidential bounties and acts of conferring the titles of governors or *Rajpramukhs* on many princes. Sardar Patel's major accomplishment was the unity of India.

He proved his ability in tackling the problem of integrating princely states with every support from V. P. Menon (Secretary, States Ministry). They devised detailed plans for removing every hindrance and obstacle in the integration or merger of princely states. A few of the small princely states, which were not able to perform as independent units of administration, were merged with the adjoining princely states or former British provinces. Consequently, all the 216 states were merged with former Indian provinces; 275 larger states or unions of smaller princely states that were formed lately were categorized as separate states. 61 small states that were very backward got transformed into chief commissioner's provinces. The islands of Andaman and Nicobar were classified into a different category. The Constitution thus made a four-fold distribution of states possible, viz., A, B, C and D. States that belonged to Part A, were formerly 9 in number, under the rule of British India. Part B involved 5 princely states with their own governing bodies. Part C states comprised 5 states that fell under the central administration and the

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states of Part D were the Andaman and Nicobar Islands. Figure 1.1 shows the major princely states as of 15 August 1947.

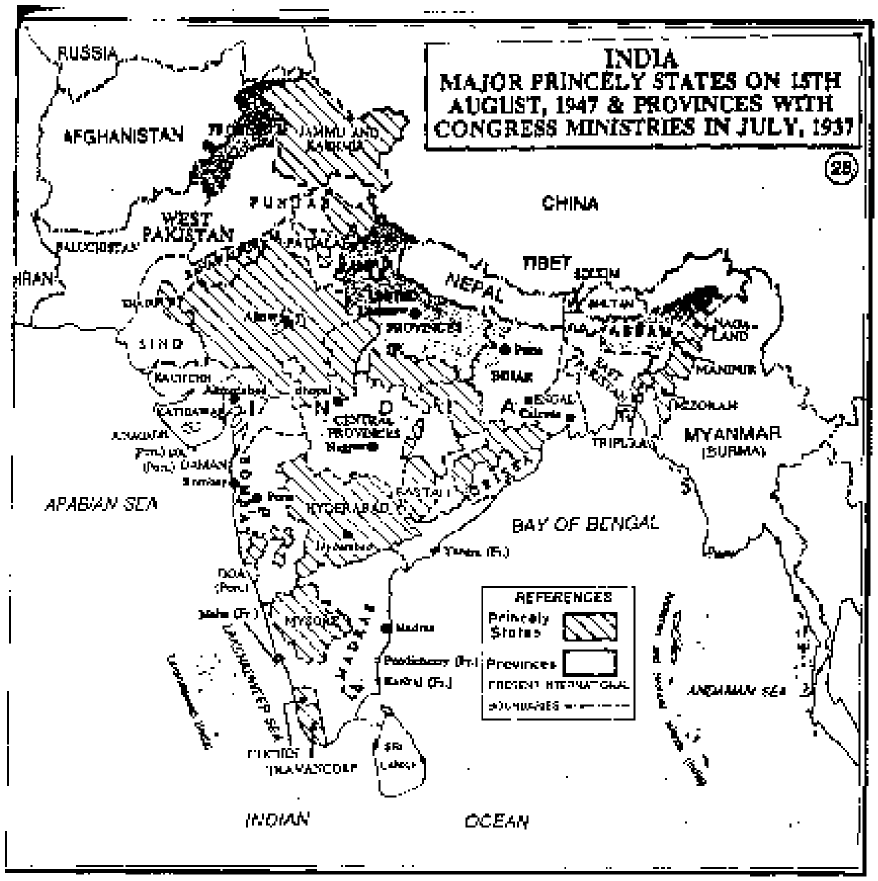


Fig. 1.1 Major Princely States as on 15 August 1947

S. K. Dhar Commission

The princely states were integrated and merged on a purely ad hoc basis and the need to reorganize the states permanently was felt. This need arose since the provinces were growing in a disorganized manner in terms of different states, which used several languages. In 1948, a commission was created by the government, under the leadership of S. K. Dhar, who was a judge of the Allahabad High Court. This commission was given the task of examining the activity of reorganizing different states, based on the languages used in them. Though, the commission acknowledged the significance of reorganizing the states based on the languages used in them, it nevertheless focused more importantly on the factors related to history, geography and economy of the states. It supported the theory that their restructuring should be such that their administration becomes easier, instead of only concentrating on language factors.

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JVP Committee

In December 1948, a committee was appointed by the Congress under the leadership of Jawaharlal Nehru, Vallabhbhai Patel and Pattabhi Sitaramayya. This committee was referred to as the JVP Committee. The aim of the committee was to scrutinize the matter from scratch. The committee submitted its report in April 1949. The theory of reorganizing states on the basis of language was rejected. Nevertheless, the committee also recommended that the issue be examined again keeping in mind the demand of the public.

Provisions Regarding Territories in the Constitution

The Constitution of India also comprised detailed provisions pertaining to unions and their territories, which were specifically mentioned in the First Schedule. It also empowered the Parliament such that it could admit into the union or establish new states on these terms and conditions. The Parliament was given the discretion to enact laws, which it considered essential. It authorized the Parliament to form new states or modify the areas, borders or names of existing states.

Let us now examine the integration of the two major native states, that is, Kashmir and Hyderabad.

1.3.1 Integration of Kashmir and Hyderabad

Let us now discuss the integration of Kashmir.

Integration of Kashmir

The native state of Jammu and Kashmir was predominated by a Muslim population and ruled by a Hindu King, Hari Singh. However, the King before and after 15th August 1947, could not decide regarding the accession of the state. The then Viceroy Lord Mountbatten visited Kashmir in July for four days. During his visit, he discussed with the King to quickly take a bold decision regarding acceding, either to India or Pakistan. However, the king did not realize the gravity of the situation and hence could not take any decision. Later, Mountbatten regretted the indecision of the King and said that even if he decided to accede to Pakistan, India would have no objections, but he should decide before 14th August 1947. Even the Home Minister of India, Sardar Patel told Lord Mountbatten that if Kashmir voluntarily decided to join Pakistan, India would have no objection. However, the King's indecision created a dispute between India and Pakistan, which is the gravest of international disputes in which India has ever been involved.

Before the attack on Kashmir by Pakistan, a senior official of Pakistan's Foreign Office visited Kashmir and tried to convince the King to join Pakistan, but the King refused to decide hastily. The tribesmen from North Western Frontier Province attacked on 22nd October 1947 in a number of sectors. In order to save himself and his province, the King requested India to help. India required the

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signing of an Instrument of Accession and setting up an interim government headed by Sheikh Abdullah in return. The Maharaja complied, but Nehru declared that it would have to be confirmed by a plebiscite, although there was no legal requirement to seek such confirmation. India sent armed forces immediately to repulse the attack and save the states of Jammu and Kashmir. This accession of Jammu and Kashmir to India was finalized on 27th October 1947 and the army was airlifted to clear the aggression. However, Pakistan refused to accept the accession. Even today India and Pakistan have been unable to resolve their differences on Kashmir.

Integration of Hyderabad

The native state of Hyderabad was located in region around present day Telengana, Hyderabad-Karnataka and the Marathwada regions of Maharashtra. Its capital was the city of Hyderabad. The Nizam of Hyderabad, who ruled over the Hindu population, wanted to merge with Pakistan. It became a matter of concern for India as the state was located in the heart of the country and the population of the state also opposed to a merger with Pakistan. Large scale communal violence erupted while India and the princely state negotiated. In order to avoid any untoward happening India decided to take police action in Hyderabad and with the support and cooperation of the people brought the state under its control. Pakistan took the matter to the United Nations Security Council but without any effect.

1.3.2 Sardar Vallabai Patel

The tactical approach of Sardar Vallabhbhai Patel led to the integration of 562 princely states with the Union of India. Not only did this move prevent the Balkanisation of the newly independent country, but also succeeded in invoking patriotism in the minds of the princes. As India's first deputy prime minister and home minister, Patel took upon the formidable task and successfully executed it. By introducing concepts such as 'privy purses', he attempted convincing the princes to join India. 'Privy purses' referred to the payment which was made to royal families for joining India. Patel's untiring efforts paid off as most of the rulers agreed to the dissolution of their respective states and surrendered control of thousands of villages, *jagirs*, palaces, institutes, cash balances amounting to crores and a railway system of about 12,000 miles to the Indian government without receiving any compensation. By 15 August 1947, most of the princely states had joined India, leaving a few.

Check Your Progress

4. What were the two categories of political units in India during the period of independence?
5. What was the major accomplishment of Sardar Patel?
6. What task was given to S. K. Dhar Commission?

1.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The August Offer referred to the need to consult representatives of 'several communities' and it was made clear that the British would not transfer responsibilities 'to any system of government' whose authority is directly denied by large and powerful elements in India's national life.
2. The aim of the British Cabinet Mission of 1946 to India was to discuss and plan for the transfer of power from the British Raj to Indian leadership. The objective was to provide India with independence under Dominion status in the Commonwealth of Nations.
3. A conference was held on 5 May 1946 at Simla, wherein leaders of the Congress and the Muslim League participated to discuss about:
   - Grouping of provinces
   - Character of the federal union
   - Setting up of a constitution-making machinery
4. During the period of independence, India had two categories of political units; these were the British provinces and the princely states.
5. Sardar Patel's major accomplishment was the unity of India.
6. S.K. Dhar commission was given the task of examining the activity of reorganizing different states, based on the languages used in them.

1.5 SUMMARY

- Jinnah was not only the League sole spokesman for India's Muslims, but he also had the League's power to veto any constitutional changes that the League considered detrimental.
- The War Advisory Council was believed to comprise representatives of British India and the Indian states. The August Offer shocked nationalists and Gandhi at last, sanctioned Civil Disobedience, but of a peculiarly limited and deliberately ineffective kind. The Congress started its individual Satayagraha.
- In February, Chiang Kai-Shek, during his visit to India, publicly expressed sympathy for India's aspirations for freedom. All this provided an opening for relatively pro-India groups, particularly Labour members of War Cabinet like Cripps and Attlee in Britain.
- Cripps proposal also had a clause that invited immediate and effective participation of the leaders of the principal sections of Indians in the national council on urgent issues. However, this clause also insisted that the British,

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during the war, would have to retain the control and direction of the defence to India.

- Cripps' proposal was rejected by Nehru and the Congress, who instead demanded a complete cabinet government in which Indians had complete power of decision-making in India.
- Quit India campaign was declared in August 1942. Independence with immediate effect was Gandhi's demand and this demand was supported by a threat of a movement of mass non-violence (satyagraha). His demand was that the British move out of India, with the exception of the troops that were fighting against Japan.
- The government took no time in taking decision and arrested most of the leaders on 9 August 1942, including Gandhi. The sudden crackdown of the British gave rise to spontaneous reaction among the people.
- The 'two-nation theory' was considered false in the history of India. During medieval times, a common culture was shared by both, Hindus and Muslims. Both of them had fought for freedom together during and after the Revolt of 1857. Hindus and Muslims together were equally repressed during the national struggle for independence. In 1940, Pakistan was demanded as an independent state at the Lahore session by the Muslim League. The basis of this demand was the two-nation theory.
- The Indian National Army (INA) was founded by Subhash Chandra Bose in 1942. They sided with the Axis Powers during the Second World War (1939– 1945) with a motive to overthrow the colonial powers from the Indian soil. The INA was also termed as the 'Azad Hind Fauz'.
- Singapore, surrendered to the Japanese in February 1942. Revolutionary activist Rash Behari Bose, then residing in Japan arranged an association named Free Indians living in Japan. A conference was held in Bangkok on 15 June 1942, where it was decided upon that a National Indian Army would be constituted. A five member working committee was formed and Rash Behari Bose was made its president.
- It was decided to keep the Indian detachment as big as a battalion; that it would be commanded by an Indian and the war would continue as per the Joint plan of Action.
- On March 21, the Prime Minister of Japan announced that those Indian territories which had been freed from the British would be administered under the provisional independent government to be formed by Netaji.
- After the talks between Gandhi-Jinnah failed, the new viceroy of India called Wavell, who had Lord Linlithglow, was of the opinion that any new initiative should be forwarded by the government.

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- The Simla Conference started on a note of optimism. Gandhi believed in the sincerity of the Wavell Plan and that it would lead to freedom of the nation. However, Jinnah 'flatly refused to cooperate', as was later reported by Wavell. He felt that the leader of the Muslim League undermined the conference and will continue to do so until it conceded to its terms. One of these demands was that those Muslims who do not belong to the League not be appointed to the Executive Council.
- The aim of the British Cabinet Mission of 1946 to India was to discuss and plan for the transfer of power from the British Raj to Indian leadership. The objective was to provide India with independence under Dominion status in the Commonwealth of Nations.
- The League decided that 16 August 1946 would be observed as 'Direct Action Day' throughout the country for the purpose of winning the separate Muslim state. In Calcutta, on 16 August 1946, the League organized public demonstrations and strikes, resulting in clashes and rioting all over the city.
- Attlee, on 20 February 1947, announced in Parliament that the government's 'definite intention was to transfer power' into responsible Indian hands by a date not later than June 1948. The Indian people would have to settle their differences before then.
- Gandhi declared that India would be divided 'over my dead body'. Abul Kalam Azad was vehemently opposed to the creation of Pakistan. But Jinnah was adamant: Muslims must have their own state.
- The Government's Plan or the Mountbatten Plan dealt with the method by which power will be transferred from British to Indian hands, in particular the methods by which Muslim-majority provinces would choose whether they would remain in India or opt for the 'new entity' that is Pakistan.
- Boundary commissions were set up to delineate frontier between Muslim and non-Muslim areas of Punjab and Bengal. The English Chairman of the two tribunals, Sir Cyril Radcliffe, was ultimately requested to make his own award. Not only the land, but also the financial and material assets of India had to be divided. Each of the new nations had to have its own civil services and armed forces.
- The Indian Independence Act of 1947 gave a legal effect to the June 3rd Plan. The Bill was introduced in the British Parliament on 4 July 1947. It was passed quickly and without amendment, and on 18 July 1947, it received the Royal assent.
- The Dominion of Pakistan was inaugurated in Karachi on 14 August 1947. At midnight of 15 August 1947, as the clock struck 12, India became free. Nehru proclaimed it to be the nation with his famous 'Tryst with Destiny' speech. On the morning of 15 August 1947, Lord Mountbatten was sworn

in as Governor-General and he in turn swore in Jawaharlal Nehru as the first Prime Minister of a free India.

- The Indian Independence Act declared that the British power over the Indian states would lapse on 15 August 1947. The states were allowed to join either India or Pakistan. Before that date, most of the states had signed the Instrument of Accession by which they agreed to accede to India. But there were some states which thought that in the changed situation, they were entitled to declare their independence.
- There were numerous agitations, strikes and demonstrations all over the country. The mass pressure, thus generated, helped in bringing about the decisive shift in the British policy. Another important development was the change in the total objective situation worldwide as well as in India.
- Punjab and Bengal were divided by two boundary commissions with Sir Cyril Radcliffe as the chairman of both. East Bengal, West Punjab, Sind and Baluchistan opted for Pakistan while West Bengal and East Punjab opted for India.
- During the period of independence, India had two categories of political units; these were the British provinces and the princely states. The leaders of India and Pakistan eagerly competed to secure the entry of the princely states into their respective territories.
- In July 1947, the States Department was taken over by Sardar Patel who exhibited skill in managing the state affairs, corresponding to this situation. Stimulating the feelings of patriotism and nationalism within the rulers of the princely states, Patel persuaded them to go in with the Indian Constituent Assembly. He told them that they would only be required to submit the authority of the following three prime offices: (i) external affairs, (ii) defence and (iii) communications to the Indian dominion.
- Sardar Patel's major accomplishment was the unity of India. He proved his ability in tackling the problem of integrating princely states with every support from V. P. Menon (Secretary, States Ministry). They devised detailed plans for removing every hindrance and obstacle in the integration or merger of princely states.
- The Constitution thus made a four-fold distribution of states possible, viz., A, B, C and D. States that belonged to Part A, were formerly 9 in number, under the rule of British India. Part B involved 5 princely states with their own governing bodies. Part C states comprised 5 states that fell under the central administration and the states of Part D were the Andaman and Nicobar Islands.

- In December 1948, a committee was appointed by the Congress under the leadership of Jawaharlal Nehru, Vallabhbhai Patel and Pattabhi Sitaramayya. This committee was referred to as the JVP Committee.
- The JVP Committee submitted its report in April 1949. The theory of reorganizing states on the basis of language was rejected. Nevertheless, the committee also recommended that the issue be examined again keeping in mind the demand of the public.
- Before the attack on Kashmir by Pakistan, a senior official of Pakistan's Foreign Office visited Kashmir and tried to convince the King to join Pakistan, but the King refused to decide hastily.
- The accession of Jammu and Kashmir to India was finalized on 27th October 1947 and the army was airlifted to clear the aggression. However, Pakistan refused to accept the accession. Even today India and Pakistan have been unable to resolve their differences on Kashmir.
- The tactical approach of Sardar Vallabhbhai Patel led to the integration of 562 princely states with the Union of India. Not only did this move prevent the Balkanisation of the newly independent country, but also succeeded in invoking patriotism in the minds of the princes.

1.6 KEY WORDS

- **August Offer:** It was an offer made by Viceroy Linlithgow in 1940 promising the expansion of the Executive Council of the Viceroy of India to include more Indians, the establishment of an advisory war council, giving full weight to minority opinion, and the recognition of Indians' right to frame their own constitution (after the end of the war).
- **Cripps' Proposal:** It was a failed attempt in late March 1942 by the British government to secure full Indian cooperation and support for their efforts in World War II.
- **Quit India Movement:** It was a movement launched at the Bombay session of the All-India Congress Committee by Mahatma Gandhi on 9 August 1942, during World War II, demanding an end to British rule in India.
- **Indian National Army:** It was an armed force formed by Indian nationalists and Imperial Japan in 1942 in Southeast Asia during World War II. Its aim was to secure Indian independence from British rule.
- **Plebiscite:** It is the direct vote of all the members of an electorate on an important public question such as a change in the constitution.

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- **Privy Purses:** It was a payment made to the ruling families of erstwhile princely states as part of their agreements to first integrate with India in 1947 after the independence of India, and later to merge their states in 1949 whereby they lost all ruling rights.

1.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Question

1. What was Cripps' Proposal?
2. State the conditions laid out in the Quit India Resolution.
3. What was the 'two-nation theory'?
4. How was the Indian National Army formed?
5. What was C.R. formula or Rajaji formula?
6. Why did the Simla Conference fail?
7. State the Indian Independence Act, 1947.
8. Why did the Maharaja of Kashmir, Hari Singh, ask for India's help and later accession to India?

Long-Answer Question

1. Describe the reasons for the outbreak of the Quit India movement in August 1942.
2. When did the British start preparing for a gradual and peaceful withdrawal from India? Explain.
3. Elucidate the statement, 'While the year 1947 is one of triumphs in the form of successful end to the long-drawn struggle for independence, it was also one of the greatest tragedies for the unity of India as a country.'
4. Discuss the role of the Indian National Army in the independence of India.
5. State the important provisions of the Cabinet Mission Plan.
6. How did the partition of India and Pakistan take place? Explain.
7. Illustrate the manner in which the partition was effected.
8. Which princely states joined India after independence? Describe their accession to India.

1.8 FURTHER READINGS

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UNIT 2 INDIAN CONSTITUTION AND STATES REORGANIZATION

Structure

2.0 Introduction
2.1 Objectives
2.2 Features of the Indian Constitution
2.3 Reorganization of States on Linguistic Basis
2.4 Foreign Policy of India
2.5 Answers to Check Your Progress Questions
2.6 Summary
2.7 Key Words
2.8 Self Assessment Questions and Exercises
2.9 Further Readings

2.0 INTRODUCTION

The Constitution of India states the guidelines demarcating fundamental political code, structure, procedures, powers, and duties of government institutions and sets out fundamental rights, directive principles, and the duties of citizens. Since the constitution was framed by a constituent assembly, it provides constitutional supremacy rather than parliamentary supremacy. The words 'socialist' and 'sovereign' were added to the preamble in 1976 during the period of emergency. In this unit, we will study about the Indian Constitution and the reorganization of states in India after independence. For examining the restructuring of states on the basis of their languages, S.K. Dhar Commission was appointed which acknowledged the importance of language in defining the boundaries of states but later it accorded recognition more to the history, economy and geography of an area for reorganization. Congress appointed the JVP Committee to look into the matter of the reorganization of states and in 1956 States Reorganization Act was enacted. It provided for the provision of five zonal councils and asked for better cooperation from the states. The leaders of India have been always keen in observing the foreign policy of other countries in order to keep India's foreign policy up to date. However, India's foreign policy is determined by a number of factors like history, geography, culture, political environment, etc. In this unit, we will also study in detail about the reorganization of states and India's foreign policy.

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2.1 OBJECTIVES

After going through this unit, you will be able to:

- Explain the features of the Indian Constitution
- Discuss the recommendations put forth by various commissions regarding the reorganization of states
- Describe the various aspects of Indian foreign policy and numerous determinants affecting it
- State the salient features of the Indian foreign policy
- Describe the reasons of India retaining its link with the Commonwealth and her role in transforming the Commonwealth into the Commonwealth of Nations

2.2 FEATURES OF THE INDIAN CONSTITUTION

Some important features of the Indian Constitution are mentioned below:

1. **Provision of adult franchise:** The Constituent Assembly adopted the principle of adult franchise with the full belief that the introduction of a democratic government on the basis of adult suffrage will bring enlightenment and promote the well-being of the common man.
2. **Fundamental Rights and Directive Principles:** As Granville Austin observes, the fundamental rights and directive principles of state policy are the 'conscience of the Constitution' of India. Fundamental rights recognize the importance of the individual. They are basically political and civil liberties of the citizens of India against the encroachment by the state. These are justiciable rights, for if any of these rights are violated, the affected individual is entitled to move to the Supreme Court or the High Court for the protection and enforcement of his rights. The directive principles of state policy are basically economic rights and represent socialist objectives. They inscribe the objectives of a modern welfare state as distinguished from a merely regulatory or negative state. It is the duty of the state to follow these principles both in the matter of administration as well as in the making of laws.
3. **Secular state:** By adding the word 'secular' to the existing description of the country as a 'Sovereign Democratic Republic', in the Preamble, the commitment to the goal of secularism has been spelled out in clear terms.
4. **Cabinet government:** The Constitution establishes cabinet type of government both at the centre and in the states.

5. **Federal form of government:** The Constitution establishes a federal form of government in India but with a strong unitary bias. Though normally the system of government is federal, the Constitution enables the federation to transform into a unitary state.
6. **Single citizenship:** All the Indians irrespective of their domicile enjoy a single citizenship of India. The principle of single citizenship was provided for in order to foster strong bond of social and political unity among the people of India.
7. **Independent judiciary:** The Supreme Court and the High Courts of India were made independent of the influence of the executive.
8. **Protection of minorities and provision of reservation:** By providing protection to the minority groups in India and by providing reservation to the SC/STs, the Constitution made the Indian state a welfare state.

Philosophy of the Constitution

The Preamble to the Indian Constitution was formulated in the light of the 'Objectives Resolution' which was moved by Nehru on 13 December 1946 and almost unanimously adopted on 22 January 1947. Also, the drafting committee of the Constituent Assembly, after a lot of deliberations, decided that the 'Preamble stands part of the Constitution'.

Preamble

The Preamble to the Constitution of India reads:

We, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a SOVEREIGN, SOCIALIST, SECULAR, DEMOCRATIC REPUBLIC and to secure to its citizens:

- JUSTICE, social, economic and political;
- LIBERTY of thought, expression, belief, faith and worship;
- EQUALITY of status and opportunity; and to promote them all;
- FRATERNITY assuring the dignity of the individual and the unity and integrity of the nation;

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of NOVEMBER, 1949 do HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.

The wordings of the Preamble make it clear that the basic tasks which the Constitution makers envisaged for the Indian state were to achieve the goals of justice, liberty, equality and fraternity. These objectives help us to decode the messages and mandates of our Constitution in terms of our contemporary needs and futuristic perspectives.

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Amendment to the Preamble

By Section 2 of the Constitution (forty-second Amendment Act, 1976), two amendments were made in the Preamble.

(a) Instead of 'Sovereign Democratic Republic' India was declared 'Sovereign Socialist Secular Democratic Republic.'

(b) For the words 'Unity of the Nation', the words 'Unity and Integrity of the Nation' were inserted.

Explanation of the Preamble

A careful study of the Preamble reveals the following points:

(a) Source of the Constitution: The first and the last words of the Preamble, i.e., 'We, the people of India'……….. 'adopt, enact and give to ourselves this Constitution' convey that the source of the Constitution is the people of India. The people have formulated their Constitution through the Constituent Assembly which represented them.

(b) Nature of the Indian political system: The Preamble also discusses the nature of Indian political system. The Indian polity is sovereign, socialist, secular, democratic republic.

(i) **Sovereign:** After the implementation of the Constitution on 26 January 1950, India became sovereign. It was no longer a dominion. Sovereignty means the absence of external and internal limitations on the state. It means that Indians have the supreme power in deciding their destiny.

(ii) **Socialist:** After the forty-second Constitutional Amendment, the Constitution of India declares itself a socialist polity. The Indian socialist state aims at securing to its people 'justice—social economic and political'. A number of provisions in Part IV of the Constitution dealing with the Directive Principles of State Policy are intended to bring about a socialist order of society.

(iii) **Secular:** Secularism is another aspect of the Indian polity which was included by the forty-second Constitutional Amendment. Secularism in India contains both negative as well as positive connotation. In its negative connotation, it denotes absence of religious discrimination by the State. Positively; it means right to freedom of religion. However, secularism does not mean the right to convert from one religion to another.

(iv) **Democracy:** The Preamble declares India to be a democratic country. The term 'democratic' is comprehensive. In its broader sense, it comprises political, social and economic democracy. The term 'democratic' is used in this sense in the Preamble and calls upon the establishment of equality of status and opportunity.

In a narrow political sense, it refers to the form of government, a representative and responsible system under which those who administer the affairs of the state are chosen by the electorate and are accountable to them.

(v) **Republic:** Lastly, the Preamble declares India to be a republic. It means the head of the state is elected. The position is not hereditary. The President of India, who is the head of the state, is elected by an electoral college.

(c) Objectives of the political system: The Preamble proceeds further to define the objectives of the Indian political system. These objectives are four in number: Justice, Liberty, Equality and Fraternity.

- **Justice:** The term implies a harmonious reconciliation of individual conduct with the general welfare of the society. In the light of 'Objectives Resolution' and the Preamble, the idea of socio-economic justice signifies three things:
  - (i) The essence of socio-economic justice in a country can be valued only in terms of positive, material and substantive benefits to the working class, in the form of services rendered by the state. Socio-economic justice, in the negative sense, means curtailment of the privileges of the fortunate few in the society, while positively, it suggests that the poor and the exploited should have the full right and opportunity to rise to the highest station in life.
  - (ii) Socio-economic justice is qualitatively higher than political justice.
  - (iii) The stability of the ruling authority is relative to its ability to promote the cause of socio-economic justice for the common man. On an empty stomach, adult franchise would soon become a mockery. Political justice too, would soon lose its significance if socio-economic justice is not forthcoming.

  The objectives to secure justice for the citizens got concrete reflection in the provisions of Chapters III and IV, namely, the Fundamental Rights and Directive Principles.
- **Liberty:** The term 'liberty' is used in the Preamble both in the positive and negative sense. In the positive sense, it means the creation of conditions that provide the essential ingredients necessary for the fullest development of the personality of the individual by providing liberty of thought, expression, belief, faith and worship. In the negative sense, it means absence of any arbitrary restraint on the freedom of individual action.
- **Equality:** Liberty cannot exist without equality. Both liberty and equality are complementary to each other. Here, the concept of equality signifies equality of status, the status of free individuals and equality of opportunity.

- **Fraternity:** Finally, the Preamble emphasizes the objective of fraternity in order to ensure both the dignity of the individual and the unity of the nation. 'Fraternity' means the spirit of brotherhood, the promotion of which is absolutely essential in our country, which is composed of people of many races and religions.
- **Dignity:** It is a word of moral and spiritual import and imposes a moral obligation on the part of the Union to respect the personality of the citizen and to create conditions of work which will ensure self-respect.

The use of the words, unity and integrity, has been made to prevent tendencies of regionalism, provincialism, linguism, communalism and secessionism and any other separatist activity so that the dream of national integration on the lines on enlightened secularism is achieved.

Check Your Progress

1. Which type of government does the Constitution of India establish?
2. Which basic tasks were envisaged by the Constitution makers for the Indian state?
3. What is the source of the Constitution according to the Preamble?

2.3 REORGANIZATION OF STATES ON LINGUISTIC BASIS

After the integration of princely states in the Indian Union, the country was divided into administrative units to A, B and C Categories. This was found unsatisfactory and hence another category 'D' was added. But people believed that this division negated the principle of equal rights guaranteed to all citizens by the Constitution. The problem of administrative reorganization was further complicated by the growing demand for formation of states on the basis of linguistic and political pressure for establishing linguistic states. Commissions were constituted to look into this issue. Linguistic states came about after recommendation by State Reorganization Commission. Let us see how various commissions were formed and presented their recommendations to the government. These were:

(I) S. K. Dhar Commission

The princely states were integrated and merged on a purely ad hoc basis and the need to reorganize the states permanently was felt. This need arose since the provinces were growing in a disorganized manner in terms of different states, which used several languages. In 1948, a commission was created by the government, under the leadership of S. K. Dhar, who was a judge of the Allahabad High Court. This commission was given the task of examining the activity of reorganizing different

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states, based on the languages used in them. Though, the commission acknowledged the significance of reorganizing the states based on the languages used in them, it nevertheless focused more importantly on the factors related to history, geography and economy of the states. It supported the theory that their restructuring should be such that their administration becomes easier, instead of only concentrating on language factors.

(II) JVP Committee

In December 1948, a committee was appointed by the Congress under the leadership of Jawaharlal Nehru, Vallabhbhai Patel and Pattabhi Sitaramayya. This committee was referred to as the JVP Committee. The aim of the committee was to scrutinize the matter from scratch. The committee submitted its report in April 1949. The theory of reorganizing states on the basis of language was rejected. Nevertheless, the committee also recommended that the issue be examined again keeping in mind the demand of the public.

(III) Provisions Regarding Territories in the Constitution

The Constitution of India also comprised detailed provisions pertaining to unions and their territories, which were specifically mentioned in the First Schedule. It also empowered the Parliament such that it could admit into the union or establish new states on these terms and conditions. The Parliament was given the discretion to enact laws, which it considered essential. It authorized the Parliament to form new states or modify the areas, borders or names of existing states.

(IV) State Reorganization Commission

In 1953, the government had to create an independent state of Andhra Pradesh for those who spoke Telugu. This was the result of lengthy campaigning and demise of Potti Sriramulu consequent to his hunger strike that lasted for 56 days. Hence, the state of Andhra Pradesh was the first one to be created under pressure, on the basis of the language spoken.

This gave rise to more demands for creating states based on languages in other parts of India. On 22 December 1953, Jawaharlal Nehru appointed a commission that was led by Fazl Ali, for handling these demands. The commission also comprised K. M Panikkar and H. N. Kunzru.

A report was submitted by the commission after considering and focusing on the wishes and claims of people in various territories. In its report, the recommendation of the commission indicated that the entire country be reorganized into 16 states and 3 territories. The three territories would be administrated by the centre. However, these recommendations were not completely accepted by the government. The government accepted the commission's recommendation for dismissal of the fourfold distribution of states, according to provisions in the original Constitution. The government divided the country into 14 states and 6 union

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territories, under the States Reorganization Act of 1956. These states were Andhra Pradesh, Assam, Bihar, Bombay, Jammu and Kashmir, Kerala, Madhya Pradesh, Madras, Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal. The 6 union territories were Andaman and Nicobar Islands, Delhi, Himachal Pradesh, Laccadive, Minicoy and Amindivi Islands, Manipur and Tripura.

The States Reorganization Act came into force in November 1956. The Act called for promoting cooperation between different states. It had provisions for the following five zonal councils: the northern, central, eastern, western and southern zone states, respectively. Each zonal council comprised a union minister who was appointed by the President; the chief ministers of states in the zones, two ministers of each state in the zone, one member from each union territory nominated by the President (if such a territory was included in the zone) and the advisor to the Governor of Assam in the case of the eastern zone. Additionally, a specific number of advisors were to be appointed for the zonal council.

Check Your Progress

4. Under whose leadership was the JVP Committee appointed?
5. How did the government organize India according to the State Reorganization Commission?

2.4 FOREIGN POLICY OF INDIA

That free India's foreign policy is the natural outgrowth of the past thinking and activities of the Indian National Congress (INC) beginning with the 1920s was contended by Jawaharlal Nehru himself in his writing, speeches and interviews to foreigners. The contention has been accepted largely. The INC was established in 1885 and even between 1885 and 1920 it often used to pass resolutions on foreign policy. But they were sporadic because these resolutions remained confined to mild and mixed criticisms of the "forward policy" of the British Government in India in the name of establishing India's "scientific frontier". The background of free India's foreign policy may have begun in the 1920s much as a result of disillusionment following support to the British war efforts which fetched no substantive promise for the fulfilment of India's aspirations for self-government. It continued till the formation of the national Interim Government on 2 September, 1946. Certain features of India's non-alignment might appear to some to be perplexing. India subscribes to the values of parliamentary democracy which the West professes to champion and yet refuses to be drawn into the Western power bloc. India shuns military fortifications by refusing to have military aids demanding bloc affiliations and claims world peace as a distinct objective of the policy. India's stands on international issues often appear sanctimonious. West's theme of Soviet imperialism is dismissed but the Soviet hand of friendship was readily

accepted. The country refuses to get alienated from the West despite major differences on international questions. It persistently denies, and confirms the denial by behaviour, any inclinations for the leadership of Asia, avoiding, until very lately, rivalries with China. It clings to the Commonwealth relationship and rejects the idea even of a third force. India's protests to the omissions and commissions of the West are louder than to those of the Soviet bloc, disapproving of what appears to her as the West's pact mania. India befriends the communist powers but seeks to check the spread of the communists' influence within. Clues to such perplexing features have to be traced, to a great extent, in a generation's background stated above. While, for this purpose, the period remains to be treated as a whole, its trends have to be examined in phases for a sound appraisal of their bearing on the emergence and development of non-alignment in free India. Accordingly, keeping in view both the changes in the dynamics of leadership in the Indian National Congress and the changing situation of international politics, this period may be divided into five phases:

1. The first phase may be viewed as one of inchoate beginning of interest in foreign affairs from November 1921 to January 1927.
2. The second phase took a comprehensive view of the international situation and its political implications, from February 1927 to the end of 1929.
3. The third phase, from January 1930 to March 1936, was characterized by an inward zed approach to the questions of India's external relations and security.
4. The period from April 1936 to September 1939 may be viewed as the fourth phase of probing the international situation which was getting complicated every day.
5. Lastly, the fifth phase, from September, 1939 to August 1946, may be viewed as one of making a final choice of free India's foreign policy.

Shaping of Foreign Policy

A nation's foreign policy may be defined as the country's concerted efforts to promote its shared objectives through diplomacy. Formulation of national goals and attempts to achieve them through diplomatic channels are the twin tenets of a country's foreign policy. Foreign policy goes beyond the country's borders and establishes contacts with other countries. In other words, if foreign policy is the end, diplomacy is the means to achieve it. In short, foreign policy is the bed-rock of international relations based on enlightened national interests.

Determinants

India's foreign policy is determined by a number of factors. It is the interplay of several complex factors that are intimately intertwined with India's geography,

history, culture and politics as well as the prevailing world order. For convenience sake, these determinants are classified into internal (domestic) and external (foreign).

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- **Internal Determinants**

Let us discuss the internal determinants of India's foreign policy.

1. Geophysical

Geophysical factors play a significant role in shaping India's foreign policy. For instance, defending the Himalayas came to determine India's security and defence needs as well as her relations with neighboring countries. Similarly, India needs a strong, sophisticated and modernized navy to defend its 3,500 km coastal boundary. India's opposition to super powers' naval bases in the Indian Ocean is determined by own security needs. India's strategic location has placed it within easy reach of many sensitive areas including Pakistan, China, SE Asia, West and East Africa. Land and sea frontiers with India's neighbors have been important geographical determinants of India's foreign policy.

2. History and Culture

India's hoary, rich and varied historical and cultural experience were a conditioning determinant of her foreign policy. The historical links with the British was responsible for India remaining in the Commonwealth of Nations. Several elements of independent India's foreign policy could be traced to Indian National Movement. Likewise, India's cultural values such as peaceful co-existence, mutual respect, means justifying ends, tolerance, neutrality, righteous indignation are reflected in India's foreign policy.

3. Economy

The Validity, acceptability and credibility of India's foreign policy largely depends on her economic strength. A weak nation can never have an effective foreign policy. One reason why Nehru deliberately kept India out of cold war was his desire to concentrate upon the pressing problems of economic development and to secure technical assistance from Super powers. India's path of non-alignment India brought the much needed assistance from the U.S.S.R, the U.S.A. and the European countries. Economically strong India can play a more influential role in international relations.

4. Political Reality

Practical politics determine the nature, content and direction of the country's foreign policy. Since the Nehru Government was safe, stable and strong for a continuous period of seventeen years, it was able to shape and pursue India's foreign policy along the proper directions. Initially, Nehru found it difficult to follow an independent policy compatible with the nation's interests. Then he realized that India's views on world affairs were to some extent a continuation

of the British foreign policy, sometimes a reaction against it, and mostly consisted of benevolent intensions.'

5. Personality

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Foreign policy of a nation is the handy work of its leaders, statesmen and diplomats. Nehru's early experience abroad, his world view, broad understanding, rational perception, personal contacts with leaders of other Countries enabled and equipped him to formulate India's foreign policy that could be followed by his Successors with little modifications.

• External Determinants

Let us discuss the external determinants of India's foreign policy.

1. Super powers

When India attained independence, the U.S.A. and the U.S.S.R. were the super powers of the world, confronting each other through security arrangements and military pacts. They were vying with each other to attract the newly emerged nations like India to their respective power blocks. India wisely chose to be neutral. Had India fell for one of the powers, there would have been "nothing to gain but everything to lose by falling for the temptation of joining the military blocks of the big powers.

2. International Economic System

No country can be absolutely self-sufficient in its economic needs and requirements. Foreign trade and forex are the barometers to test a country's economy. Critical inputs of development flow through exports and imports. A developing country like India had to depend on international monetary institutions like World Bank, IMF and other developed countries to meet its developmental inputs. But these institutions and countries seek to extend their economic neo-colonialism through subtle strings and conditionalities. To fight the forces of neo-colonialism was, therefore, a major determinant of Nehru's foreign policy.

3. International Issues

India had to adjust itself to the constraints and compulsions of changing equations among nations in international relations. International issues like Cold War, defence pacts, power blocks, military alliances, proliferation of conventional and non-conventional nuclear weapons, military aid to countries, among others, were taken into consideration when the country's foreign policy was formulated.

Both the internal and external determinants are inter-related and inter-dependent. They act, react and interact to national and international requirements, demands and contingencies. These determinants are essential to framing a nation's foreign policy. Therefore, the success or failure of India's foreign policy can be assessed only after evaluating the cumulative impact of these determinants.

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Salient Features of Indian Foreign PoLicy

India's Foreign Policy is unique, addressing issues prevailing not only in India but also in third world nations. The major components of her foreign policy address international issues such as anti-imperialism, anti-rationalism, promoting secularism, working for international peace, encouraging non-alignment (that is, remaining equidistant between the two powers), and respecting the sovereignty and territorial integrity of other nations.

Panchsheel, 1954

'Panchsheel' was first enunciated in the Sino-Indian Treaty on Tibet in April 1954. The Sanskrit term *Panchsheel* means 'five codes of conduct'. At about this time when Nehru was pointing out the dangers of world extinction through nuclear conflict, Chairman Mao told Nehru that a future nuclear war was only another stage in the inevitable march towards socialism, and that if 300 million Chinese died in it, another 300 million would survive! Nehru constantly emphasized that peaceful co-existence of countries with different ideologies, differing systems, was a necessity and believed that nobody had a monopoly on the truth and that pluralism was a fact of life. To this end he outlined the five principles of peaceful coexistence, or Panchsheel, for conducting relations among countries. These were (i) mutual respect for each other's territorial integrity and sovereignty, (ii) non-aggression, (iii) non-interference in each other's internal affairs, (iv) equality and mutual benefit, and (v) peaceful coexistence.

Non-Alignment Movement

The first Afro-Asian conference was held in Apri1, 1955 in the Indonesian capital Bandung, in which 29 nations participated. The objectives of the Bandung Conference, 1955 were to (1) promote goodwill and cooperation among the Third World Countries, (2) consider social, economic and cultural problems of the Asian and African people; (3) view the position of Asia and Africa in their contribution to the promotion of world peace and cooperation.

Importance

President Sukarno of the Indonesian Republic hosted the conference and Nehru, Chou-en-Lai and Nasser of Egypt were some of the dignitaries who actively participated in the conference. Nehru highlighted the relevance of Non-alignment in the contemporary world and pointed out that the strength of the developing countries was in industrial development not of stockpiling weapons of war.

The basic parameters of India's Foreign Policy were explained by Jawaharlal Nehru in September 1946 when he declared:

"We propose, as far as possible, to keep away from the power politics of groups aligned against one another, which have led in the past two World Wars

and which may even lead to distress on an even vaster scale. We believe that peace and freedom are indivisible and the denial of Freedom anywhere must endanger freedom elsewhere and lead to conflict and war. We are particularly interested in the emancipation of colonial and dependent countries and peoples and in the recognition in theory and practice of equal opportunities for all races. We seek no domination over others and we claim no privileged position over other peoples".

In the late 1940s a bi-polar political world emerged. The two big world powers, the U.S.A and Russia had developed nuclear weapons and demonstrated their military might over weaker states. In Eastern Europe the pan-Slav movement gained popularity and Soviet influence over Hungry, Rumania and Bulgaria became paramount. To counter Russian influence in the north-east the U.S.A. extended liberal economic and military assistance to Greece and Turkey and kept them out of the orbit of Soviet Union. In Western Europe, both greater and lesser states turned their eyes towards the U.S.A.

Nehru's main contribution to the evolution of India's foreign policy was the acceptance and implementation of the concept of Non-alignment. Non-alignment meant taking independent decisions on international issues without being tied to any particular country or a group of countries. Thus, Nehru and India's subsequent foreign policy has been in favour of peace and disarmament, racial equality and international co-operation for the peaceful resolution of international disputes.

Nehru's policy of Non-alignment was amply demonstrated during the Korean Crisis. During World War II, U.S.A. occupied South Korea and Russia occupied North Korea. At the Postdam Conference, the 38th parallel of latitude was recognized as the line of control between North Korea and South Korea. In 1950 India warned against the danger of expansion of conflict if the armies of one side were moved closer to the northern border of other. India's impartial approach received recognition when an Indian was chosen the chairman of the United Nations Repatriation Commission to deal with the issue of prisoners of war. Again, India struck to the policy of Non-alignment during the prolonged political crisis in Vietnam, Cambodia and Laos. However, India opposed the aggressive attitude and action of the colonial powers. India took a courageous stand when in 1856 the Anglo-French forces invaded Egypt over the Suez Canal crisis. India's moral support to Egypt, both within and outside the UNO, greatly helped in the withdrawal of foreign troops from the Egyptian territory and recognition of Egypt's sovereignty over the Suez Canal.

The first Non-aligned conference was held at Belgrade in Yugoslavia in 1961 in which 25 countries took part. The assembled delegates emphasized the need for periodical consultations among Non-aligned countries. The popularity of the Non-aligned movement attracted more and more countries and at one time

about 100 countries were actively associated with it. All along, the main focus of the movement was on independence, peace, disarmament and economic development.

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Leaders such as Jawaharlal Nehru, Gamal Abdel Nasser of Egypt, Kwame Nkrumah of Ghana, Ahmed Sukarno of Indonesia and Josip Broz Tito of Yugoslavia played a vital role in the formation of the Non-Alignment Movement.

India and the Commonwealth of Nations

The Commonwealth of Nations is a political association of 54 member states, nearly all of which used to be territories of the British Empire.

Nehru's Dilemma

The Imperial Conference turned Commonwealth was an association of British colonies and Dominions. The Statute of Westminster (1931) conferred internal autonomy to Dominions within the framework of allegiance to the British Crown. India remained a Dominion till it became a Republic on 26 January 1950. After 15 August 1947, "Nehru had no intention of going back on the resolution of the Constituent Assembly that India should be a free and sovereign republic"." Nehru was persuaded to remain in the Commonwealth.

Compelling Reasons

There were some compelling reasons and distinct advantages for India's retaining its link with the Commonwealth: (1) The Commonwealth contact would help retain the loyalty of the higher civil and defence services after independence. (2) It would facilitate negotiations with the Princely States for securing their accession to the Indian Union. (3) It would provide an additional channel for conducting international relations. As a member nation, India could counter the possible Pakistan's attempt to win over the Commonwealth countries against India on the Kashmir issue. (4) It would help improve and strengthen the trade links with the Britain and other member countries. Also India could rely on Britain for its defence needs. (5) The interests of the people of Indian origin who had migrated to Britain and other Commonwealth countries could be protected. (6) It offered good scope for foreign aid from countries like Britain, Canada, Australia and New Zealand for the developmental needs of India.

Role of India

India played a leading role in Commonwealth relations and was largely responsible in transforming the Commonwealth into the Commonwealth of Nations, a free association of sovereign states. India was successful in making the Commonwealth a bulwark against racialism and can claim credit for the peaceful transfer of power in Rhodesia (Zimbabwe) from the white minority government to the black majority government. In 1956, when Britain, France

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and Israel invaded Egypt, India along with other Commonwealth countries strongly indicted the imposition of imperialistic military solution for the Suez problem, as a result of which Britain agreed to accept U.N.-sponsored ceasefire in the Suez area. In 1962, when India was attacked by China, Britain, Canada, Australia and New Zealand sympathized with India and extended all possible help. India was severely criticized, especially by the USSR, for remaining in the imperialistic Commonwealth. It was dubbed as a blunder and an outrage on the national sentiments of self-respecting sovereign Indians. The acceptance of the British King/Queen as the Head of the Commonwealth of Nations amounted to a premium on India's independence. In balance, India was successful in securing friendship and cooperative relationship with member nations besides promoting economic trade and strengthening cultural links with other Commonwealth members.

Check Your Progress

6. State the significance of India's path of non-alignment India.
7. List the five principles of peaceful coexistence, or Panchsheel.
8. What were the objectives of the Bandung Conference, 1955?
9. What was Nehru's main contribution to the evolution of India's foreign policy?
10. Name the leaders who played a vital role in the formation of the Non-Alignment Movement.

2.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The Constitution establishes cabinet type of government both at the centre and in the states.
2. The basic tasks which the Constitution makers envisaged for the Indian state were to achieve the goals of justice, liberty, equality and fraternity.
3. The first and the last words of the Preamble, i.e., 'We, the people of India'………. 'adopt, enact and give to ourselves this Constitution' convey that the source of the Constitution is the people of India.
4. JVP Committee was appointed by the Congress under the leadership of Jawaharlal Nehru, Vallabhbhai Patel and Pattabhi Sitaramayya in December 1948.
5. The government divided the country into 14 states and 6 union territories, under the States Reorganization Act of 1956. These states were Andhra Pradesh, Assam, Bihar, Bombay, Jammu and Kashmir, Kerala, Madhya

Pradesh, Madras, Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal. The 6 union territories were Andaman and Nicobar Islands, Delhi, Himachal Pradesh, Laccadive, Minicoy and Amindivi Islands, Manipur and Tripura.

6. India's path of non-alignment brought the much needed assistance from the U.S.S.R, the U.S.A. and the European countries. Economically strong India can play a more influential role in international relations.
7. The five principles of peaceful coexistence, or Panchsheel, for conducting relations among countries are: (i) mutual respect for each other's territorial integrity and sovereignty, (ii) non-aggression, (iii) non-interference in each other's internal affairs, (iv) equality and mutual benefit, and (v) peaceful coexistence.
8. The objectives of the Bandung conference were to (1) promote goodwill and cooperation among the Third World Countries, (2) consider social, economic and cultural problems of the Asian and African people; (3) view the position of Asia and Africa in their contribution to the promotion of world peace and cooperation.
9. Nehru's main contribution to the evolution of India's foreign policy was the acceptance and implementation of the concept of Non-alignment.
10. Leaders such as Jawaharlal Nehru, Gamal Abdel Nasser of Egypt, Kwame Nkrumah of Ghana, Ahmed Sukarno of Indonesia and Josip Broz Tito of Yugoslavia played a vital role in the formation of the Non-Alignment Movement.

2.6 SUMMARY

- The Constituent Assembly adopted the principle of adult franchise with the full belief that the introduction of a democratic government on the basis of adult suffrage will bring enlightenment and promote the well-being of the common man.
- Fundamental rights recognize the importance of the individual. They are basically political and civil liberties of the citizens of India against the encroachment by the state. These are justiciable rights, for if any of these rights are violated, the affected individual is entitled to move to the Supreme Court or the High Court for the protection and enforcement of his rights.
- The Constitution establishes a federal form of government in India but with a strong unitary bias. Though normally the system of government is federal, the Constitution enables the federation to transform into a unitary state.
- The wordings of the Preamble make it clear that the basic tasks which the Constitution makers envisaged for the Indian state were to achieve the goals of justice, liberty, equality and fraternity.

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- By Section 2 of the Constitution (forty-second Amendment Act, 1976), two amendments were made in the Preamble.
  (a) Instead of 'Sovereign Democratic Republic' India was declared 'Sovereign Socialist Secular Democratic Republic.'
  (b) For the words 'Unity of the Nation', the words 'Unity and Integrity of the Nation' were inserted.
- The Preamble also discusses the nature of Indian political system. The Indian polity is sovereign, socialist, secular, democratic republic.
- The Preamble proceeds further to define the objectives of the Indian political system. These objectives are four in number: Justice, Liberty, Equality and Fraternity.
- The term 'liberty' is used in the Preamble both in the positive and negative sense. In the positive sense, it means the creation of conditions that provide the essential ingredients necessary for the fullest development of the personality of the individual by providing liberty of thought, expression, belief, faith and worship. In the negative sense, it means absence of any arbitrary restraint on the freedom of individual action.
- The use of the words, unity and integrity, has been made to prevent tendencies of regionalism, provincialism, linguism, communalism and secessionism and any other separatist activity so that the dream of national integration on the lines on enlightened secularism is achieved.
- S. K. Dhar Commission was given the task of examining the activity of reorganizing different states, based on the languages used in them. Though, the commission acknowledged the significance of reorganizing the states based on the languages used in them, it nevertheless focused more importantly on the factors related to history, geography and economy of the states.
- JVP Committee was appointed by the Congress under the leadership of Jawaharlal Nehru, Vallabhbhai Patel and Pattabhi Sitaramayya in December 1948 with the aim of scrutinizing the matter of reorganization of states.
- In State Reorganization Commission's report, the recommendation of the commission indicated that the entire country be reorganized into 16 states and 3 territories. The three territories would be administrated by the centre. The government divided the country into 14 states and 6 union territories, under the States Reorganization Act of 1956.
- The States Reorganization Act came into force in November 1956. The Act called for promoting cooperation between different states. It had provisions for the following five zonal councils: the northern, central, eastern, western and southern zone states, respectively.
- The background of free India's foreign policy may have begun in the 1920s much as a result of disillusionment following support to the British war efforts

which fetched no substantive promise for the fulfilment of India's aspirations for self-government.

- India's stands on international issues often appear sanctimonious. West's theme of Soviet imperialism is dismissed but the Soviet hand of friendship was readily accepted. The country refuses to get alienated from the West despite major differences on international questions. It persistently denies, and confirms the denial by behavior, any inclinations for the leadership of Asia, avoiding, until very lately, rivalries with China.
- A nation's foreign policy may be defined as the country's concerted efforts to promote its shared objectives through diplomacy. Formulation of national goals and attempts to achieve them through diplomatic channels are the twin tenets of a country's foreign policy. Foreign policy goes beyond the country's borders and establishes contacts with other countries.
- India's foreign policy is determined by a number of factors. It is the interplay of several complex factors that are intimately intertwined with India's geography, history, culture and politics as well as the prevailing world order. For convenience sake, these determinants are classified into internal (domestic) and external (foreign).
- Geophysical factors play a significant role in shaping India's foreign policy. For instance, defending the Himalayas came to determine India's security and defence needs as well as her relations with neighboring countries.
- India's hoary, rich and varied historical and cultural experience were a conditioning determinant of her foreign policy. The historical links with the British was responsible for India remaining in the Commonwealth of Nations.
- India's path of non-alignment India brought the much needed assistance from the U.S.S.R, the U.S.A. and the European countries. Economically strong India can play a more influential role in international relations.
- Foreign trade and forex are the barometers to test a country's economy. Critical inputs of development flow through exports and imports. A developing country like India had to depend on international monetary institutions like World Bank, IMF and other developed countries to meet its developmental inputs.
- Both the internal and external determinants are inter-related and inter-dependent. These determinants are essential to framing a nation's foreign policy. Therefore, the success or failure of India's foreign policy can be assessed only after evaluating the cumulative impact of these determinants.
- 'Panchsheel' was first enunciated in the Sino-Indian Treaty on Tibet in April 1954. The Sanskrit term *Panchsheel* means 'five codes of conduct'.
- The first Afro-Asian conference was held in Apri11955 in the Indonesian capital Bandung, in which 29 nations participated. The objectives of the conference were to (1) promote goodwill and cooperation among the Third

World Countries, (2) consider social, economic and cultural problems of the Asian and African people; (3) view the position of Asia and Africa in their contribution to the promotion of world peace and cooperation.

- Nehru's main contribution to the evolution of India's foreign policy was the acceptance and implementation of the concept of Non-alignment. Non-alignment meant taking independent decisions on international issues without being tied to any particular country or a group of countries. Thus, Nehru and India's subsequent foreign policy has been in favour of peace and disarmament, racial equality and international co-operation for the peaceful resolution of international disputes.
- In 1950 India warned against the danger of expansion of conflict if the armies of one side were moved closer to the northern border of other. India's impartial approach received recognition when an Indian was chosen the chairman of the United Nations Repatriation Commission to deal with the issue of prisoners of war. Again, India struck to the policy of Non-alignment during the prolonged political crisis in Vietnam, Cambodia and Laos. However, India opposed the aggressive attitude and action of the colonial powers.
- Leaders such as Jawaharlal Nehru, Gamal Abdel Nasser of Egypt, Kwame Nkrumah of Ghana, Ahmed Sukarno of Indonesia and Josip Broz Tito of Yugoslavia played a vital role in the formation of the Non-Alignment Movement.
- India played a leading role in Commonwealth relations and was largely responsible in transforming the Commonwealth into the Commonwealth of Nations, a free association of sovereign states.

2.7 KEY WORDS

- **Fundamental rights:** Fundamental rights are a group of rights that have been recognized by a high degree of protection from encroachment. These rights are specifically identified in a Constitution, or have been found under Due Process of law.
- **Directive principles:** The Directive Principles of State Policy of India are the guidelines or 15 principles given to the federal institutes governing the State of India, to be kept in citation while framing laws and policies.
- **Foreign policy:** A state's foreign policy is its objectives and activities in relation to its interactions with other states, whether bilaterally or through multilateral platforms.
- **Commonwealth of Nations:** It is a political association of 54 member states, nearly all of which used to be territories of the British Empire.

2.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short-Answer Question

1. State the amendments made to the Preamble by Section 2 of the Constitution.
2. What were the recommendations made by S. K. Dhar Commission?
3. How was Nehru's policy of Non-alignment amply demonstrated during the Korean Crisis?
4. What role did India play in transforming the Commonwealth into the Commonwealth of Nations, a free association of sovereign states?

Long-Answer Question

1. Examine the features of the Indian constitution.
2. Describe the objectives of the Indian political system.
3. Explain the internal determinants of India's foreign policy.
4. Illustrate the reasons and distinct advantages that compelled India to retain its link with the Commonwealth.

2.9 FURTHER READINGS

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UNIT 3 NEHRU AND LAL BAHADUR SHASTRI

Structure

3.0 Introduction
3.1 Objectives
3.2 Nehru Era: Internal and External Policy
3.3 Lal Bahadur Shastri
3.4 India Pakistan War of 1965
3.5 Answers to Check Your Progress Questions
3.6 Summary
3.7 Key Words
3.8 Self Assessment Questions and Exercises
3.9 Further Readings

3.0 INTRODUCTION

Jawaharlal Nehru first emerged as an eminent leader of the Indian independence movement. As prime minister of independent India, Nehru initiated socio-economic policies of the idealistic socialist kind. He implemented moderate socialist economic reforms and committed India to a policy of industrialisation. In October 1947, he faced conflict with Pakistan over the state of Kashmir, which was a disputed territory at the time of independence. Nehru sent troops into the state to support India's claim. A United Nations ceasefire was negotiated, but Kashmir remains deeply unstable to this day. During the period of the Cold War, Nehru developed a policy of 'positive neutrality' for India. He became one of the key spokesmen for the non-aligned countries of Africa and Asia, many of which were former British colonies. Despite efforts at cooperation by both countries, Indian-Chinese border disputes escalated into war in 1962 and Indian forces were decisively beaten. This had a significant impact on Nehru's declining health. He died on 27 May 1964. After his death, many opposition parties criticised the Nehruvian model of development. Lal Bahadur Shastri was made the prime minister of India in June 1964. He was criticized for failing to deal effectively with India's economic problems, but he won great popularity for his firmness on the outbreak of hostilities with neighbouring Pakistan (1965) over the disputed Kashmir region. In this unit, we will study in detail about the developments made during the tenure of Nehru and Lal Bahadur Shastri.

3.1 OBJECTIVES

After going through this unit, you will be able to:

- Discuss the developments made by Nehru in post-independence India
- Examine the developments made under the leadership of Lal Bahadur Shastri
- Describe the reasons for the India Pakistan War in 1965

3.2 NEHRU ERA: INTERNAL AND EXTERNAL POLICY

Jawaharlal Nehru was a nation builder par excellence. He built the modern India brick by brick. Nehru had clear vision and values to build the modern India. He had the perception of an integrated, strong, and stable India, and cherished and nourished the values of liberal democracy, democratic socialism, secularism, scientific approach, and world outlook. Nehru visualized an integrated India that is ruled based on democracy not dictatorship, socialism not capitalism, social pluralism not social uniformity, secularism not communalism, scientific temper not obscurantism, safety of the minority not the tyranny of the majority, and world peace not war pacts.

Integration of India

Independent India was born after the Caesarian operation of partition, "moment of unprecedented triumph and tragedy for the India nation". There was widespread violence, bloodshed, murder, mayhem, and migration of daunting magnitude around partition. So, the first task for Nehru was to preserve the newly won Independence and protect the integrity of India from communal callousness. Nehru successfully managed this administrative and Psychological crisis and a threat to national unity by a fire fighting operation. The battle of post-independence political freedom was fought and won, and the communal problem was nipped in the bud. This unity was reinforced by the integration of princely states with India. In short, "Nehru succeeded in maintaining and strengthening national unity".

Innovative Initiatives

India was proclaimed a Sovereign Democratic Republic. It offered Nehru a new vista of opportunity to shape the destiny of independent India by introducing innovative initiatives. With his independent foreign policy of Nonalignment, Nehru demonstrated that India was a Sovereign Republic. Nehru built democratic institutions and conventions through liberal democracy based on universal adult suffrage. India successfully fought the first three general elections in 1952, 1957, and 1962 on this firm electoral basis and made free and fair elections the norm of Indian democracy. Nehru defied all gloomy

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western projections of the survival of parliamentary democracy in India by "making the super-human anti-historic effort to impose it on a society whose central fact was backwardness."

Pillars of Democracy

Nehru was eminently successful in making parliamentary democracy work well in the largely illiterate, impoverished new nation and gave India seventeen solid years of stability and continuity. In the process, Nehru never failed to strengthen the institutional pillars of Indian democracy–Legislature, Executive, and Judiciary. Nehru did not impose a 'plebiscitary monarchy' on India but embarked on participatory democracy though 'political democracy was not always regarded as a necessary precondition for modernization.' In between elections Nehru carefully nurtured the prestige and vitality of Parliament by actively participating in the proceedings of the Parliament as the leader of the Lok Sabha and the Congress Parliamentary Party.

Cabinet Government

Parliamentary government means the cabinet system of government based on collective responsibility. Nehru's cabinet, an admixture of Congress and non-Congress members, some of them diametrically opposed to Nehru's views and approaches, was the chamber of expertise and experience; promoting national interests was their common concern. True, Nehru's cabinet was practically a 'one-man show' after the departure of Gandhi and Patel. And yet the procedures of collective policy making was meticulously maintained, scrupulously followed, and firmly established. "This was the work of Nehru achieved against the drive of his own personality and despite the eager subservience of mouldering mediocrities who claimed to be his colleagues."

New Role of Bureaucracy

India inherited a bureaucratic administrative structure, which was a colonial creation. During the freedom struggle, the national leaders lambasted the ICS, as neither Indian, nor Civil, nor Service. Nehru condemned that ICS was insensitive to the aspirations of the people. But after Independence, Prime Minister Nehru made the best use of the ICS because of their professionalism, efficiency, and reputation for thoroughness. Sardar Patel retained all the Indian members of the ICS with constitutional guarantees and used their services in consolidating independent India. ICS officers acquitted themselves wonderfully well in helping the Partition Council headed by Lord Mountbatten, and they managed two-way migration of refugees, integration of princely states, linguistic reorganization of states, and in shaping and implementing socialistic, social welfare programmes. Nehru not only safeguarded the independence, integrity, and neutrality of the civil service but also attempted to metamorphose it into an administrative engine of development and welfare.

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Independence of Judiciary

Similarly, the judiciary, another colonial legacy, was converted to be the sentinel for protecting and safeguarding the people's fundamental rights guaranteed by the Constitution and scrupulously enforcing the rule of law and judicial review. The Supreme Court of India emerged as one of the most powerful courts in the world. Though the Indian judicial system was British in form, it was Indian in practice. The judiciary could strike down unconstitutional, arbitrary, and unreasonable laws. Himself a lawyer, Nehru respected the independence of judiciary. But when the judiciary stood in the way of radical socioeconomic legislation in the name of defence of individual rights, insensitive to social issues, and negate land, reforms Nehru never hesitated to "needle the judiciary with constitutional amendments".

Perspective Planner

Well-versed in Marxism, Maoism, Western Capitalism, and Fabian Socialism, Nehru was not enamoured with the established economic models of socialism or capitalism. He wanted to experiment and evolve his own model of mixed economy for planned development. He knew pretty well that a country that had been exploited for nearly two centuries could not sail into modern times on the strength of its own modest capital. He was convinced that a new nation like India had to tackle poverty, population explosion, and inequality on her own soil. So, Nehru decided to build an independent self-reliant economy a special focus on rapid industrialization, agricultural self-sufficiency, and social welfare with social justice. Nehru opted for planning as a panacea for all ills afflicting India. He viewed the economy holistically with a long-term perspective. India's development programmes attracted the attention of foreign countries. Soviet Union, Britain, and Germany came forward in setting up three new steel plants during the second plan period. Bhakra Nangal was completed. Defence industry was established. The income generated through Five-year Plans was invested in agriculture, irrigation, electricity generation, and huge multipurpose hydroelectric projects, "the new temples of India," and a series of heavy industries. Nehru was sure that over time the public sector would generate additional resources save, invest, and develop further. In fact, the industrial policy resolution 1956 clearly stated that the public sector industries would "augment the revenues of the state and provide resources for further department in fresh fields". Nehru had no patience for inefficient, unproductive, and loss making public sector undertakings. Since the plans set only the broad contours of development and if projects and programmes did not work as planned, then it could be set right in subsequent years. With great foresight, Nehru encouraged panchayat and local-level planning. Such a planning process allowed the ordinary people to participate in the planning process. But for planning, building an industrial infrastructure from scratch would not have been possible. "Self-reliance gave India a diverse industrial base by 1964 and a Green Revolution in agriculture soon after".

Social Revolutionary

Nehru endeavoured to bring about social revolution by consent. Social justice was the king pin of social transformation. National integration, political stability, and economic planning were given prime attention on social change. Nehru wanted to transform the traditional, stratified, and static society into a modern, casteless, and dynamic society, where there would be no special rights, privileges, or dignities based on birth, caste, or creed. He made legal and institutional arrangements to remove the seemingly insurmountable disabilities suffered by the deprived and depraved sections of the people. Along with them, women, who suffered and subjected to a great deal of social injustice, were given a fair deal. Nehru rightly considered the enactment of measures for the improvement of the conditions of Hindu women as his lasting contribution. His government enacted and enforced all social legislation with the consent and participation of the people without coercion.

Contributor of Science and Technology

Development of science and technology has been the sine qua non of modern India. Nehru passionately dedicated himself to the cause of science and technology to solve the socioeconomic problems in India. At the time of independence, India possessed great scientific and technological capabilities. India was endowed with a strong base of science, particularly in basic sciences, which was expected to propel national development. It required the sustained support of Nehru to flower and flows. Nehru was the creator of infrastructure for science and technology. The Nehru Era tried to achieve a massive development in such infrastructure. Post-independence period witnessed the emergence of national laboratories, development of the atomic energy programme, the space programme, establishment of institutional facility like the Council of Scientific and Industrial Research, starting of Indian Institutes of Technology and Regional Engineering Colleges, associating eminent scientists like Homi Bhabha, S.S. Bhatnagar, Mahalanobis, to name a few, with the development of scientific research, and strengthening defence science under the leadership of the outstanding physicist D.S. Kothari.

Indian scientific community was duly recognized and honoured by Nehru. He kept close touch with the leaders of science in India and abroad. A landmark achievement of Nehru in this field was the adoption of the Scientific Policy Resolution of 1958. As a patron of culture, Nehru regarded science as a culture to be cultivated by scientific temper. Nehru asserted that the "future belongs to those who make friends which science".

Diplomat

Nehru, as Prime Minister-cum-Foreign Affairs Minister, played a pivotal role in international relations. He not only conceived a foreign policy but also practiced it. The interaction between foreign policy priorities and domestic demands factored in shaping Nehru's foreign policy. Under Nehru, India was no longer a static or

status quo power, though he never wanted to extend its military or economic power to international relations.

Estimate

Nehru was a many-splendored personality and his policies were multifaceted. He grew up among Indian Revolution, and built Independent India. His sway over the masses, his unflinching faith in their innate common sense and capacity for hard work, and his eagerness to involve people at every stage of country's progress helped him to build the new nation. India was Nehru's 'field of action' and Indians were the 'source of action'. His acts of social and national creation were his cumulative work of changing the 'inert uncreative motto,' an alert creative citizen. The image of Nehru was one who was born with a silver spoon in his mouth taught and brought up in an aristocratic environment, fought, suffered, and sacrificed for the cause of the country's freedom and dedicated himself to the building of modern India outlasted his death.

Check Your Progress

1. What was the first task for Nehru after independence?
2. When were the first three general election held in India?
3. Name the institutional pillars of Indian democracy.
4. What did the industrial policy resolution 1956 state?

3.3 LAL BAHADUR SHASTRI

Shastri became the second Prime Minister of India on 2 June 1964 after the death of Nehru. Though the succession was not easy after Nehru, Kamaraj and other leaders of congress unanimously selected Shastri. Shastri retained all ministers of Nehru cabinet and inducted two new faces: Indira Gandhi and S.K. Patil.

Food Crises, 1964

The first and foremost daunting task of Shastri's government was to meet the severe challenge of a serious food crisis. Due to shortage of food grains, the food prices had risen by 22% in the past eighteen months, which was as much as the rise in the preceding 10 years. Shastri formulated an All-India Food Policy. He then initiated a series of short-term and long-term measures to stem the tide:

1. Food ships distained to go to other ports were arranged to divert to India
2. the import of food grains was increased
3. the network of fair-price shops was spread over the country
4. an Agricultural Prices Commission was constituted to keep the price situation under constant review and to look into the working to the fair-price shops

5. a Food Grains Trading Corporation was set up to purchase internal agricultural produce at remunerative prices and to ensure a proper distribution system in the country
6. an Agricultural Commission was charged with the work of fixing reasonable margins for prices to be enforced at wholesalers and retailers levels
7. legislation was introduced for quality control of imported seeds
8. intensive irrigation was given priority
9. plant protection measures were extended throughout the country
10. large and more efficient rice mills were established.

These measures were intended to attain self-sufficiency in food by the end of the fourth five-year plan. Thus, a firm foundation was laid for Green Revolution, thanks to the innovative push given by C. Subramaniyan, the food minister.

Shastri not only freed agriculture from stagnation but also wanted to save Industry from excessive control. With socialistic mindset, he initiated measures to rectify the imbalance in the country's development planning, reduction in government expenditure, and strict standards of fixing priorities. He was prepared to repriotize projects in the field of heavy industry so that projects undertaken could be completed. Above all, Shastri's Government was contemplating liberalization of less useful controls and the task was entrusted to L.K. Jha, his Principal Secretary.

Anti-Hindi Agitation, 1965

The Language Policy

During India's freedom struggle, national leaders carried on the movement through the medium of regional languages and demanded the replacement of English by a national language. After Independence, the Constituent Assembly debated the issue and arrived at a compromise formula. The Constitution spelled out the language policy (Articles 343 and 344) and stipulated that Hindi would replace English after 1965. The Official Languages Commission, under the Chairmanship of B.G. Kher (1955), recommended the process of replacement within the constitutional time-frame. The Joint Parliamentary Party reviewed the Kher Commission Report, and on the basis of its recommendation, the President issued an order in April 1960. Following the Presidential Order, the Government of India introduced series of steps, which aroused the suspicion of the non-Hindi speaking states.

Nehru's Assurance

The highlight of Nehru's approach was a major statement in parliament on 7 August, 1959. To allay the fears of non-Hindi people, he gave a definite assurance: 'I would have English as an alternate language as long as the people require it, and I would leave the decision not to the Hindi-knowing people, but to the non-Hindi-knowing people.' He also told the people of the South that 'if they do not want to

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learn Hindi, let them not learn Hindi'. He repeated this assurance in parliament on 4 September 1959. Keeping his promise, Nehru government passed official language Act in 1963 in favour of non-Hindi speakers. This Act removed the constitutional constraint on the use of English after 1965.

The Provocation

On 26 January 1965, the prescribed time period of 15 years to make Hindi the official language replacing English, as provided in the constitution, came to an end. Nanda, the Home Minister and an ardent advocate of Hindi, persuaded himself that under the dispensation of Shastri, it should be easier to use Hindi for official purposes in the union administration to start with at a much faster phase and at a much greater extent. Communications were issued to the Departments to use Hindi alone as the language of central communication.

The Agitation

The Dravida Munnetra Khazhalgam (DMK), the main opposition in the Tamil Nadu Legislative Assembly, jumped at this opportunity to launch a state-wide Anti-Hindi agitation. The anti-Hindi agitation, under the leadership of C.N. Annadurai, escalated into a movement. On 25 January 1965, there were demonstrations, processions, meetings, and burning of the effigies of 'the demon of Hindi'. In the Madras city, two agitators burnt themselves to death. There was police firing at a student demonstration in Chidambaram in which a student was shot dead. The Republic Day (26 Jan) was observed as 'a day of mourning'. On 28 January, the situation in Madras became explosive. The authoritarian attitude and the undiplomatic approach of the Chief Minister M. Bhaktavatsalam aggravated the situation.

Shastri's appeal to the agitators to withdraw the movement in view of a special law passed by Parliament enabling English to continue as the associate language went unheeded. The agitation continued unabated. On 15 February, 35 agitators were killed and 25 injured in a series of police firings as students in various parts of the state went on a rampage. Two police officers were burnt alive by mobs. The resignations of two central ministers—C. Subramaniyan, Food Minister and O.V. Alagesan, Minister of State for Petroleum and Chemicals both from Madras State—made matters worse. Shastri's broadcast appeal on 11 February to the agitators fell on deaf ears.

Nehru's Assurance Restored

On 12 February, the death toll in police firings in Madras and Pondicherry mounted to 54. In the incidents in Coimbatore, Madurai, North Arcot, Trichy, and Madras, 24 persons were killed in firings. On the same day, Acharya Vinoba Bave undertook an indefinite fast in protest against violence in Madras. On 25 February, 1965, a meeting of the CWC and Chief Ministers, held in New Delhi, arrived at 'agreed decisions' on the language issue, in the teeth of opposition by 106 MPs of the CPP

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hailing from Hindi-speaking regions. Though the matter was informally discussed in the Cabinet, no decision could be taken. President Dr. S. Radhakrishnan played "a crucial role at this juncture by persuading Prime Minister to desist from the course of action he had decided upon". Finally, the Union Government, in June 1965, agreed to give legislative sanction to Nehru's assurances in regard to the continued use of English for administrative purpose. The anti-Hindi agitation started in January 1965 was called off in early 1966.

3.4 INDIA PAKISTAN WAR OF 1965

In the month of August 1965, Indian forces crossed the ceasefire line and launched an attack on the region referred to by the disputants as either 'Azad Kashmir' or 'Pakistan-occupied Kashmir'. Pakistan reported this attack as unprovoked, while India said that the attack was a response to massive armed infiltrations of Kashmir by Pakistan. At first, the only Indian Army achieved considerable success and captured three important mountain positions after a prolonged artillery barrage. However, by the end of August, both sides had experienced successes; Pakistan had captured areas like Tithwal, Uri and Punch and India had captured the Haji Pir Pass, 8 kilometres inside Pakistani-occupied territory.

On 1st September 1965, Pakistan launched a counterattack, called 'Operation Grand Slam', with the purpose of capturing the big town of Akhnoor in Jammu, which would disunite communications and cut off supply routes to Indian troops. Attacking with an overwhelming ratio of troops and technically superior tanks, Pakistani forces initially progressed against Indian forces, which were unprepared and thus suffered heavy losses. Indian forces then responded by calling in its air force to blunt the Pakistani attack. The next day, Pakistani forces retaliated, its air force attacked Indian forces and air bases in both Kashmir and Punjab. Although Operation Grand Slam ultimately failed, as the Pakistan Army was unable to capture Akhnoor, it became one of the turning points in the war when India decided to relieve pressure on its troops in Kashmir by attacking Pakistan further south.

Indian forces crossed the International Border on 6th September on the western front marking an official beginning of the war. On the same day, the 15th Infantry Division of the Indian Army, under World War II veteran Major General Prasad fought a massive counter attack by Pakistan near the west bank of the Ichogil Canal, which was a de facto border of India and Pakistan. The General's entourage itself was ambushed and he was forced to flee his vehicle. The second time, a successful attempt to cross the Ichogil Canal was made over the bridge in the village of Barki, just east of Lahore. These developments brought the Indian Army within the range of Lahore International Airport. As a result, the United States requested a temporary ceasefire to allow it to evacuate its citizens in Lahore. However, the Pakistani counter attack took Khem Karan from Indian forces, which was made possible due to the help of the Pakistani infiltrators. However,

Pakistani Foreign Minister Z.A. Bhutto denied that his government was in any way concerned with the infiltrators.

After this, a number of proposals were considered and resolutions were adopted by the Security Council on 20th September 1965, which called upon India and Pakistan to ceasefire and withdraw all their 'armed personnel' back to the position held by the two countries before 5th August 1965.

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Tashkent Agreement

A meeting between the Indian Prime Minister Lal Bahadur Shastri and Pakistani President Mohammed Ayub Khan was held from 3rd January to 10th January 1966 to formalize peace between the two countries. At the invitation of the Soviet Premier Alexi Kosygin, both Shastri and Khan met in the city of Tashkent, Republic of Uzbekistan and signed the agreement known as the Tashkent Declaration. On 10th January 1966, the agreement was formalized and the hostilities ended followed by the withdrawal of the Indo-Pakistani forces to the previous cease-fire lines. Shastri died of a heart attack in Tashkent right after he signed the declaration. Public in India generally welcomed the Tashkent Agreement in the hope that it would lead to normalization of relation between the two countries. G.L. Nanda, who temporarily succeeded Shastri as Prime Minister of India promptly, declared that Indian Government would stand by the Declaration and implement it completely and faithfully. However, there was a lot of criticism of the Tashkent Agreement in Pakistan as people felt that it meant surrender to Indian demands and Soviet pressures.

Check Your Progress

5. What was the first and foremost daunting task of Shastri's government?
6. When was the Tashkent Agreement formalized?

3.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The first task for Nehru was to preserve the newly won Independence and protect the integrity of India from communal callousness.
2. India successfully fought the first three general elections in 1952, 1957, and 1962 on this firm electoral basis and made free and fair elections the norm of Indian democracy.
3. The institutional pillars of Indian democracy are – Legislature, Executive, and Judiciary.
4. The industrial policy resolution 1956 clearly stated that the public sector industries would "augment the revenues of the state and provide resources for further department in fresh fields".

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5. The first and foremost daunting task of Shastri's government was to meet the severe challenge of a serious food crisis.
6. On 10th January 1966, the agreement was formalized and the hostilities ended followed by the withdrawal of the Indo-Pakistani forces to the previous cease-fire lines.

3.6 SUMMARY

- Nehru visualized an integrated India that is ruled based on democracy not dictatorship, socialism not capitalism, social pluralism not social uniformity, secularism not communalism, scientific temper not obscurantism, safety of the minority not the tyranny of the majority, and world peace not war pacts.
- The first task for Nehru was to preserve the newly won Independence and protect the integrity of India from communal callousness. Nehru successfully managed this administrative and Psychological crisis and a threat to national unity by a fire fighting operation.
- India was proclaimed a Sovereign Democratic Republic. It offered Nehru a new vista of opportunity to shape the destiny of independent India by introducing innovative initiatives. With his independent foreign policy of Nonalignment, Nehru demonstrated that India was a Sovereign Republic.
- Nehru's cabinet, an admixture of Congress and non-Congress members, some of them diametrically opposed to Nehru's views and approaches, was the chamber of expertise and experience; promoting national interests was their common concern.
- Nehru condemned that ICS was insensitive to the aspirations of the people. But after Independence, Prime Minister Nehru made the best use of the ICS because of their professionalism, efficiency, and reputation for thoroughness. Sardar Patel retained all the Indian members of the ICS with constitutional guarantees and used their services in consolidating independent India.
- Nehru not only safeguarded the independence, integrity, and neutrality of the civil service but also attempted to metamorphose it into an administrative engine of development and welfare.
- Like ICS, the judiciary, another colonial legacy, was also converted to be the sentinel for protecting and safeguarding the people's fundamental rights guaranteed by the Constitution and scrupulously enforcing the rule of law and judicial review. The Supreme Court of India emerged as one of the most powerful courts in the world.
- Nehru was convinced that a new nation like India had to tackle poverty, population explosion, and inequality on her own soil. So, he decided to build an independent self-reliant economy a special focus on rapid

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industrialization, agricultural self-sufficiency, and social welfare with social justice.

- India's development programmes attracted the attention of foreign countries. Soviet Union, Britain, and Germany came forward in setting up three new steel plants during the second plan period. Bhakra Nangal was completed. Defence industry was established. The income generated through Five-year Plans was invested in agriculture, irrigation, electricity generation, and huge multipurpose hydroelectric projects, "the new temples of India," and a series of heavy industries.
- Nehru wanted to transform the traditional, stratified, and static society into a modern, casteless, and dynamic society, where there would be no special rights, privileges, or dignities based on birth, caste, or creed. He made legal and institutional arrangements to remove the seemingly insurmountable disabilities suffered by the deprived and depraved sections of the people.
- At the time of independence, India possessed great scientific and technological capabilities. India was endowed with a strong base of science, particularly in basic sciences, which was expected to propel national development.
- Post-independence period witnessed the emergence of national laboratories, development of the atomic energy programme, the space programme, establishment of institutional facility like the Council of Scientific and Industrial Research, starting of Indian Institutes of Technology and Regional Engineering Colleges, associating eminent scientists like Homi Bhabha, S.S. Bhatnagar, Mahalanobis, to name a few.
- Shastri became the second Prime Minister of India on 2 June 1964 after the death of Nehru. Though the succession was not easy after Nehru, Kamaraj and other leaders of congress unanimously selected Shastri. Shastri retained all ministers of Nehru cabinet and inducted two new faces: Indira Gandhi and S.K. Patil.
- The first and foremost daunting task of Shastri's government was to meet the severe challenge of a serious food crisis. Due to shortage of food grains, the food prices had risen by 22% in the past eighteen months, which was as much as the rise in the preceding 10 years. Shastri formulated an All-India Food Policy.
- The Constitution spelled out the language policy (Articles 343 and 344) and stipulated that Hindi would replace English after 1965. The Official Languages Commission, under the Chairmanship of B.G. Kher (1955), recommended the process of replacement within the constitutional time-frame.
- The Union Government, in June 1965, agreed to give legislative sanction to Nehru's assurances in regard to the continued use of English for administrative

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purpose. The anti-Hindi agitation started in January 1965 was called off in early 1966.

- In the month of August 1965, Indian forces crossed the ceasefire line and launched an attack on the region referred to by the disputants as either 'Azad Kashmir' or 'Pakistan-occupied Kashmir'. Pakistan reported this attack as unprovoked, while India said that the attack was a response to massive armed infiltrations of Kashmir by Pakistan.
- A meeting between the Indian Prime Minister Lal Bahadur Shastri and Pakistani President Mohammed Ayub Khan was held from 3rd January to 10th January 1966 to formalize peace between the two countries. At the invitation of the Soviet Premier Alexi Kosygin, both Shastri and Khan met in the city of Tashkent, Republic of Uzbekistan and signed the agreement known as the Tashkent Declaration.

3.7 KEY WORDS

- **Suffrage:** It is the right to vote in public, political elections.
- **Social revolution:** It is a sudden change in the structure and nature of society. These revolutions are usually recognized as having transformed society, economy, culture, philosophy, and technology along with but more than just the political systems.

3.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Question

1. Why did Nehru decide to build an independent self-reliant economy?
2. What is social revolution? How did Nehru bring it in post-independent India?
3. What developments were made in the science and technology field after independence?
4. What was Nehru's assurance regarding national language?
5. What was the Tashkent Agreement?

Long-Answer Question

1. Describe development programmes started by Nehru after independence.
2. Elaborate on the statement, 'Self-reliance gave India a diverse industrial base by 1964 and a Green Revolution in agriculture soon after'.
3. Explain the measures taken by Shastri to tackle the food crisis.

3.9 FURTHER READINGS

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BLOCK II
PRIME MINISTERS OF INDIA AND THEIR ACHIEVEMENTS

UNIT 4 OVERVIEW OF INDIRA GANDHI'S TENURE

Structure

4.0 Introduction
4.1 Objectives
4.2 Indira Gandhi
4.3 Nationalization of Banks
4.4 India Pakistan War of 1971
4.5 Declaration of Emergency
4.6 Answers to Check Your Progress Questions
4.7 Summary
4.8 Key Words
4.9 Self Assessment Questions and Exercises
4.10 Further Readings

4.0 INTRODUCTION

Indira Gandhi was appointed Prime Minister in 1966, after the sudden death of Lal Bahadur Shastri. She garnered widespread public support for agricultural improvements that led to India's self-sufficiency in food grain production. Her success in the Pakistan war, and the creation of Bangladesh in 1971 made her favourite among the masses. After the 1972 General Elections, Indira Gandhi was accused of misconduct by her political opponent and, in 1975, she was convicted of electoral corruption by the High Court of Allahabad. Following these charges she was prohibited from running in another election for six years. Instead of resigning, she responded by declaring a state of emergency on June 25, which lasted for 21 months and the constitutional rights of citizens were curtailed. After the emergency, she was voted out of the office in the general elections of 1977, but was re-elected to the PMO in 1980. Following a deadly confrontation at the Golden Temple, Indira Gandhi was assassinated by two of her Sikh bodyguards on October 31, 1984. This led to extensive anti-Sikh riots in the country. The tenure of Indira Gandhi as the Prime Minister of India has been full of ups and downs and engulfed with various controversies. In this unit, we will study in detail about the tenure of Indira Gandhi as a political leader.

4.1 OBJECTIVES

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After going through this unit, you will be able to:

- Describe the political situation in India during the Indira Gandhi government
- Discuss the nationalization of banks
- State the reasons that led to the India Pakistan War in 1971
- Examine the period of emergency rule in India

4.2 INDIRA GANDHI

Indira Gandhi was born in a Kashmiri Pandit family on 19 November 1917 in Allahabad. She studied in a Swiss boarding school and later studied at Somerville College, Oxford. In March 1942, Indira married Feroze Gandhi, a Parsi lawyer, and she had two sons, Rajiv and Sanjay. She joined Congress in 1938, joined the Congress Working Committee in 1955, was reelected to the post in 1961, and was a member of the Central Election Committee of the Congress. She joined the Shastri Government in 1964 as Minister of Information and Broadcasting and succeeded him in 1966 after his unexpected death at Tashkent, Russia.

After Shastri

After the unexpected demise of Lal Bahadur Shastri, on 10 January, 1966, the search for his successor was on. There were seven aspirants for the post of India's third Prime Minister - Desai, Indira, Nanda, Chavan, S.K. Patil, Sanjiva Reddy, and Kamaraj. Kamaraj, for reasons better known to himself, withdrew from the contest. Desai insisted on a secret ballot. Finally, there was straight contest between Desai and Indira Gandhi. On 19 January 1966, a secret ballot was held in the meeting of Congress Parliamentary Party (CPP), in which Indira Gandhi secured 355 votes as against 169 for Desai. She became the first woman Prime Minister of India on 24 January 1966.

Kitchen Cabinet

Indira Gandhi's 'Kitchen Cabinet' was the expanded version of the 'Back-benchers Club', formed during the Shastri years. "Her Kitchen Cabinet, a wheel within the wheel, comprised of Dinesh Singh, I.K. Gujral, Nandini Satpati, Urna Shankar Dikshit, D.P. Mishra, C. Subramaniam, Asoka Mehta, and Fakruddin Ali Ahmed. This 'nucleus of power' assisted and advised Indira Gandhi in crucial decision-making. They "urged a leftist ideological view on her"." She also relied heavily on the Prime Minister's Office (PMO), particularly on the services of her Principal Secretary L.K. Jha and later P.N. Haksar. The PMO "reached dizzy heights of power".

The country was reeling and languishing under severe food crisis. Devastating droughts stalked the land. There were food shortages and famine conditions in several parts of the country. Inflation was on the rise and prices of commodities were spiralling. The economy was in recession. There was a shortage of foreign exchange. The cumulative effect of these frightening factors was the general popular unrest as was reflected in the rice riots in Kerala. Indira Gandhi had to face the wrath of the AICC at Jaipur and was criticized in the Parliament. She, in late March 1966, turned to the USA for help; she visited the USA aiming to get aids for food and foreign exchange without appearing to ask for them, "President Lyndon Johnson promised three million tons of food and nine million dollars in aid. At home, the system of procurement and distribution system were improved. The food crisis was tackled for the time being. The Prime Minister's US visit was hailed as a spectacular success and was a major achievement for Indian democracy."

Devaluation of Rupee, June 1966

The economy of the country had reached the rock bottom. A conspiracy of circumstances, aggravated by war and drought, had brought the economic growth to a grinding halt. There was forex crisis and industrial capacity was rendered idle, resulting in retrenchment. Exports stopped. Small industry was hit hard. In short, the economy was in the brink of disaster. Since first-aid measures proved ineffective, Indira Gandhi decided to administer stronger medicine in "order to restore the nation to economic health".

But there were difficulties. The USA stipulated conditions to restore economic aid suspended during the Indo-Pak war in 1965. The World Bank and International Monetary Fund (IMP) stipulated that the rupee be devalued. Indira Gandhi appointed a committee to consider the issue. The committee strongly supported devaluation. On the night of 6 June 1966, Indira Gandhi announced the devaluation of the rupee by a hefty 57.5%, which made her unpopular. The CWC denounced the decision. The Congress President Kamaraj was furious that he was not consulted and lamented over making her the Prime Minister. "A great man's daughter, a little man's great blunder". Nevertheless, Indira Gandhi proved that she was capable of taking unpopular decision.

Public Unrest

Monsoon failed again for the second consecutive year. The drought continued unabated. The promised US economic aid was slow to come and irregular. Drought coupled with devaluation ignited the volatile situation. There were agitations, demonstrations, and strikes by all walks of life. The agitations frequently turned violent, resulting in lathi charges and firings, damages, and death. These popular agitations climaxed on 7 November, 1966, when a trident-bearing mob of naked sadhus staged a demonstration in front of Parliament calling for an end of cow-slaughter. The anti-cow-slaughter demonstration degenerated into looting, arson,

and violence. Six sadhus were killed in police firing. The demonstration brought forth nothing except confounding confusion.

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Check Your Progress

1. When did Indira Gandhi join Congress?
2. Who were the seven aspirants for the post of India's third Prime Minister?

4.3 NATIONALIZATION OF BANKS

The Government of India promulgated an Ordinance called the Banking Companies (Acquisition and Transfer of Undertakings) Ordinance on 19 July 1969, in terms of which the Central Government acquired the undertakings of the following 14 major Indian banks which had deposits of not less than ₹ 50 crore each as on the last Friday of June 1969:

1. Central Bank of India Limited
2. Bank of India Limited
3. Punjab National Bank Limited
4. Bank of Baroda Limited
5. United Commercial Bank Limited
6. Canara Bank Limited
7. United Bank of India Limited
8. Dena Bank Limited
9. Syndicate Bank Limited
10. Union Bank of India Limited
11. Allahabad Bank Limited
12. Indian Bank Limited
13. Bank of Maharashtra Bank Limited
14. Indian Overseas Bank Limited

These banks together had total deposits of ₹ 2,741.76 crore. Together with the State Bank of India and its subsidiaries this constituted 85 per cent of the total deposits.

After the takeover, the undertaking of each bank including its assets, liabilities, rights, etc. was transferred to and vested in the corresponding new bank which became a new statutory corporate body. The general superintendence and direction of affairs of each of the nationalized banks were vested in a custodian who was authorized to exercise all powers that might be exercised by the bank. The Chairman of each of the nationalized banks who was holding office as such immediately

prior to the nationalization was appointed as custodian for the corresponding new bank.

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Immediately after the promulgation of the Ordinance, some writ petitions were filed in the Supreme Court, and a full bench of 12 judges passed on 22 July 1969 an interim stay order, pending the disposal of the writ petitions in respect of three matters in the Ordinance. Under the stay order, the Central Government was prevented from appointing any Advisory Board for any of the 14 banks removing any of the 14 Chairmen of the banks who were given the designation of custodians, and issuing any direction to any of the 14 banks contrary of the existing provisions of the Banking Regulation Act.

A bill to replace the Ordinance was passed on 9 August 1969. A fresh stay order was issued on 8 September 1969, following writ petitions filed against the Act. This order did not debar the government from appointing Advisory Boards, but earlier prohibitions in respect of removal of Chairmen and issue of directions by the government to any of the 14 banks were re-imposed.

On 10 February 1970, the Supreme Court, while upholding the legislative competence of Parliament in the matter of acquisition of undertakings of the banking companies, held firstly that there had been a hostile discrimination against the 14 banking companies in so far as they had been debarred, after the acquisition of undertakings, from carrying on banking business when other banks were permitted to do so and secondly, the principles and methods laid down in the Act for determining the quantum of compensation proposed to be paid by the government were invalid. As the provisions held void by the Court were not severable from the main Act, the entire Act was struck down.

The undertakings of the 14 banks which had been acquired by the Central Government under the authority of the Act reverted to those companies following the Act being declared void. A fresh ordinance was issued on 14 February 1970 which did not contain the offending provisions of the earlier Act. Under the Ordinance, the government again took over the undertaking of each of these banks with effect from the original date, i.e., 19 July 1969. This Ordinance, unlike the void Act, did not set out any principles for the determination of compensation to be paid to each of the 14 limited companies whose undertakings were acquired, but fixed a specific amount of compensation to each of the 14 nationalized banks to be paid within 60 days from the date the banking company applies for it. These banking companies were given three options or any mix of these, i.e., in the form of cash, 10-year Central Government securities at par carrying interest at 4 ½ per cent per annum and 30-year Central Government securities at par carrying interest at 5 ½ per cent per annum. Of the 14 nationalized banks, two banks opted for payment of the entire amount of compensation in cash and the remaining 12 banks opted for payment of compensation partly in cash and partly in government securities.

The Banking Companies (acquisition and Transfer of Undertakings) Act was passed by both Houses of Parliament towards the end of March 1970 and received the assent of the President on 31 March 1970.

In July 1970, the Central Government in consultation with the Reserve Bank constituted the first Board of Directors for each of the nationalized banks. With the constitution of the first Board of Directors, the Reserve Bank's directive requiring the nationalized banks to obtain its prior approval for certain types of transactions was withdrawn and the banks were advised that the matters referred to therein should thenceforward be decided by their respective Board of Directors. Subsequently, a scheme called the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970 was framed by the Central Government under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Under the scheme, each nationalized bank will have on its Board directors not exceeding 15. And every Board so constituted shall include representatives of the employees and depositors of such banks and such other persons as may represent the interests of each of the following categories, viz., farmers, workers and artisans. The government is empowered to appoint not more than five directors from among persons having special knowledge or practical experience in respect of one or more matters which are likely to be useful for the working of the nationalized banks. There will also be not more than two full time directors, of whom one shall be the Managing Director. Besides, there will be one official of the Reserve Bank of India and one official of the Central Government on each of these Boards. As indicated earlier, the scheme makes provision for the appointment in each nationalized bank two employees on the Board—one from among those who are workmen in the bank and the other from the employees in the bank other than workmen. The director from the employees who are workmen is to be appointed by the government out of a panel of three names furnished by the Representative Union in the concerned bank. The other director from among employees who are not workmen would be appointed by the government in consultation with the Reserve Bank.

With regard to their overseas branches, the nationalized banks have taken suitable steps according to local laws in each country for effecting the transfer of properties and other assets, etc. standing in the names of the then existing banks to the corresponding new banks.

The Broad Aims of Nationalization

The then Prime Minister, in a broadcast to the nation on the nationalization of banks, observed:

'An institution, such as the banking system, which touches and should touch the lives of millions, has necessarily to be inspired by a larger social purpose and has to subserve national priorities and objectives. That is why there has been a widespread demand that major banks should be not only socially controlled but publicly owned... '

The broad aims of nationalization of banks as stated in the preamble to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 are *to control the heights of the economy and to meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives.*

More specifically, the important objectives of bank nationalization are:

1. The removal of control by a few;
2. Provision of adequate credit for agriculture and small industry and exports;
3. The giving of a professional bent to bank management;
4. The encouragement of new classes of entrepreneurs and
5. The provision of adequate training as well as reasonable terms of service for bank staff.

Criticisms of Nationalization of Banks

Nationalization of banks has been assailed by a number of people, mainly on the following grounds:

1. The Scheme of Social Control over banks has not been given a fair trial.
2. Foreign banks and the smaller banks are left out of the purview of nationalization.
3. Public ownership will lead to inefficiency in the working of banks.
4. Public ownership will mean elimination of healthy competition and initiative.

All these criticisms have been satisfactorily answered during the debate on the Banking Companies (Acquisition and Transfer of Undertakings) Bill. It has been observed that '...the weakness of social control was that in many banks people who had been controlling their policies in the past continued to exercise their influence over them in one way or another, sometimes by the continued presence of the old chairman or vice-chairman on the Boards. The banks might, as some did, obey the instructions and directions given to them. But there is all the difference in the world between people who carry out a policy wholeheartedly and with enthusiasm and those who do so only because of certain instructions. Even these directions were not followed by many of the banks and we cannot continue to ignore the impatience and frustration with which the under privileged look at our efforts to help them stand on their own feet… '

The criticism that nationalization will lead to inefficient functioning of banks can best be answered by pointing out the example of the State Bank of India. The enormous growth in the deposits of the State Bank of India since its inception and its performance in the priority sector credit as compared to the other commercial

banks stand to prove that the efficiency of an organization need not necessarily depend on its ownership. Professionalization of bank managements and adequate training to bank staff are important objectives under the new system.

It has been made clear that there will be autonomy for each bank and the Boards of Directors will have well defined powers. Directions will be issued only on policy and general issues, and not on specific loans to specific parties. Thus, public ownership need not necessarily mean the elimination of healthy competition or initiative.

As against the criticism of leaving out the small banks, it has been pointed out that the operations of smaller banks are limited to certain specific regions, and with their wider coverage the bigger banks would be in a better position to implement the policies of the government as compared to smaller banks.

Answering the criticism that foreign banks are not included in the legislation, it has been observed that they are part of world-wide organization and this enables them to give certain special facilities and services to exporters and importers. They have a distinctive part to play in advancing foreign currency loans and administering them on behalf of their parent offices, rendering services to tourists and in disseminating information about business opportunities in India and in other countries in which they operate.

There is often a misconception that nationalization is a peculiarly socialistic measure. The peculiar nature of banking industry which distinguishes it from other industries has been the main consideration for many countries to bring their banking systems under public ownership. France and Sweden are such examples.

Second Phase of Nationalization

As a further step in the government's action when it wanted the larger banks to fall in line with its goal of attaining national objectives, six more banks have been nationalized in April 1980. These banks are:

1. Andhra Bank
2. Corporation Bank
3. New Bank of India
4. Punjab and Sind Bank
5. Oriental Bank of Commerce
6. Vijaya Bank

The individual deposits of all these newly nationalized banks were below ₹ 50 crore at the time of the first nationalization of banks in July 1969. Between 1969 and 1978, almost all of them had crossed the ₹ 200 crore mark in their deposits, the only exception being Oriental Bank of Commerce which had about ₹ 180 crore at the end of 1978.

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Achievements of Banks' Nationalization

In the context of the objectives set before the nationalized banks, it became necessary for them to reorient the concept of security for loans, to pay special attention to the growth potential and developmental needs of local areas where the branches are situated, to take better care of the requirements of underdeveloped areas and backwards sections of the population, to forge close relations with developmental and term financing institutions, to reach mutual understanding with state governments, to ensure that large borrowers do not have more access to resources of the bank than is actually required for productive use, and to prevent use of credit for speculative and other unproductive purposes. Simultaneously, they were required to intensify their efforts, through a coordinated branch expansion programme, for mobilization of deposits in all parts of the country and from all sections of people.

It is gratifying to note that the nationalized banks have considerably diversified their lending policies. Simultaneously, they effected organizational changes to set up different cells or departments to handle proposals for advances to small scale industries as well as to agriculture. To handle this work trained staff have been appointed and services of experts have been secured for consultation. Field officers have also been recruited, whose primary function would be to find out prospective customers, contact them for ascertaining their requirements, prepare regular proposals and put them before the cells/ departments and, where necessary, to transmit them to Head Offices. They would also ensure proper utilization of advances granted and arrange to effect the recovery of loans as and when due. Arrangements have been made to give extensive publicity through newspapers and periodicals in regional languages regarding the type of facilities provided by the banks.

Nationalized Banks and Branch Expansion

The progress recorded by the nationalized banks in the expansion of branch network since nationalization is commendable. At the time of the nationalization of 14 major commercial banks, they had a total of 4,133 branches. This number increased to 37,775 by the end of March 2008. It is no exaggeration to state that this order of expansion has no parallel anywhere in the world. And the phenomenal increase in branch expansion has been the reason for a sharp decline in the national average of population covered by bank offices.

In the programme of branch expansion, there has been a distinct shift in favour of rural areas during this period. The proportion of bank branches of nationalized banks in rural areas increased from 22.4 per cent of the total as at the end of June 1969 to 34.94 per cent as at the end of March 2008.

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Check Your Progress

3. What was the result of the constitution of Board of Directors for the nationalized banks?
4. What are the broad aims of nationalization of banks as stated in the preamble to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970?

4.4 INDIA PAKISTAN WAR OF 1971

After the 1971 general elections, a major political-military crisis broke out in East Pakistan (now Bangladesh). India was inevitably drawn into the fray, leading to a bloody war between India and Pakistan.

Pakistan had been created around the ideological assumption that, because of their faith, the Muslims of India constituted a separate nation. But religion could not bring together the Punjabi-speaking part of West Pakistan and the Bengali-speaking East Pakistan. The West Pakistani political and economic elite soon acquired a dominant position in Pakistan's army, bureaucracy, economy, and polity resulting in economic and political discrimination against East Pakistan. Moreover, in the absence of political democracy, the Bengalis had no mechanism through which to remedy the situation. Consequently, over time, the people of East Pakistan developed a powerful movement for democracy in Pakistan and greater autonomy for East Pakistan. Instead of coming to terms with this movement, the ruling elite of Pakistan decided to suppress it and which ultimately transformed it into a movement for independence from Pakistan.

In December 1970, General Yahya Khan, the military dictator of Pakistan, held free elections in which Bengal's Awami Party under Sheikh Mujibur Rahman won more than 99% of the seats in East Bengal and an overall majority in Pakistan's National Assembly. But the army and Yahya Khan, backed by Zulfiqar Ali Bhutto, the leading politician of West Pakistan, refused to let the Awami Party form the government. When the latter started a civil disobedience movement to enforce the constitutional provision, in a sudden move on 25 March 1971, Yahya Khan ordered a military crackdown on East Pakistan. Mujibur Rahman was arrested and taken to an unknown destination in West Pakistan. The West Pakistan army initiated a reign of terror, killing innocent citizens, burning villages, and crops. Thousands of intellectuals and Bengali members of the police and army were indiscriminately but systematically eliminated in order to deprive the people of any leadership. For over 6 months, the army committed rape, torture, arson, brutal killings, and other heinous crimes. Large sections of the East Pakistan police, paramilitary organizations, and East Bengal regiments reacted by revolting. The Awami League leaders, who succeeded in escaping to Calcutta, formed a Government of

Bangladesh in exile, organized the *Mukti Bahini* (Liberation Army), and launched a fierce underground movement and guerrilla warfare.

The brutality of the Pakistan army was directed against the remaining East Pakistani Hindus. They, along with a large number of Muslims, Christians, and Buddhists, were forced to migrate to and seek shelter in West Bengal, Assam, and Meghalaya in India. By November 1971, the number of refugees from East Bengal had reached 10 million.

In India, there was a wave of sympathy for the people of East Bengal and a strong demand for swift action against Pakistan. But, Indira Gandhi, though convinced that war with Pakistan was likely, opposed hasty action. Throughout the crisis, she acted with immense courage but also with abundant caution calculation. She did not want to strengthen Pakistani propaganda that the entire movement for autonomy in East Pakistan and the consequent revolt was not a popular uprising but an Indian conspiracy.

Indira Gandhi realized that international opinion had to be educated and won over to the cause of Bangladesh and made aware of India's predicament in regard to the refugees and how they were placing an unbearable burden on India, endangering its economic and political stability.

For the next 8 months, Indira Gandhi followed a four-pronged policy. Not only did India give sanctuary to the Bangladesh government in exile, the Indian army gave military training on Indian soil and material aid in money and military equipment to the *Mukti Bahini*. The Indian government was also generous in providing food, clothing, shelter, and medical aid to the refugees in spite of its being a tremendous strain on India's resources. Almost from the outset in April 1971, the Indian armed forces began to prepare for swift military action, though in utmost secrecy, in case a peaceful solution of the refugee problem could not be found. Moreover, the military operation had to be swift and finished before the big powers succeeded in halting the conflict and imposing a ceasefire.

India's campaign received a very positive response from the media, the intelligentsia, and the students in the West and ultimately from the West European governments besides the people and the governments of the Soviet Union and other European Communist countries. But the governments of the United States and China adopted an unsympathetic and even hostile attitude towards India. Ignoring Indian protest, the USA continued to supply arms to Pakistan. It also tried to pose the problem of Bangladesh primarily as an issue between India and Pakistan rather than one of the Bangladesh's independence. China was fully supportive of Pakistan as it had become virtually its ally. In July–August 1971, Pakistan had helped to bring about a US-China detente. To secure itself against a possible US-China intervention in case events led to a war, on 9 August India swiftly signed a 20-year Indo-Soviet Treaty of Peace, Friendship, and Cooperation. The treaty provided for immediate mutual consultations and appropriate effective measures in case of either country being subjected to a

military threat. The treaty was widely welcomed by people in India and gave a big boost to their morale.

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India immediately recognized Bangladesh and gave a strong military reply. The Indian strategy was defensive and the Pakistani forces in the western sector, while waging a short, swift, and decisive war in the east, forcing the Pakistani army there to surrender before the USA, China, or the UN could intervene. Brilliantly led by General J.S. Arora, the Indian army, joined by the *Mukti Bahini*, virtually ran through East Bengal and reached Dacca, its capital, within 11 days, and surrounded the Pakistani garrison there. Henry Kissinger, the U.S. Secretary of State, said that President Nixon was not inclined to let the Pakistan be defeated; the U.S. government tried to intervene, declaring India to be the aggressor and stopping all economic aid to it. But its two resolutions in the U.N. Security Council proposing a ceasefire and mutual troop withdrawals were vetoed by the Soviet Union, with Britain and France abstaining. The Chinese threat also did not materialize as it confined its intervention to bitter verbal denunciations. More or less in desperation and reminiscent of the gunboat diplomacy of the nineteenth century, on Nixon's orders, segments of the U.S. Seventh Fleet, led by the nuclear aircraft carrier, U.S.S. Enterprise, set out for the Bay of Bengal on 9 December with the objective of forcing India to delay the fall of Dacca.

But Indira Gandhi ignored the American threat and, instead, asked General Manekshaw, India's Chief of Army Staff, to hasten India's military plan. The Indian armed forces surrounded Dacca on 13 December and forced the defeated and demoralized 93,000-strong Pakistan army in Bangladesh to surrender on 16 December. On 17 December, the Indian government announced a unilateral ceasefire on the western front. The continuation of the war would have been hazardous both on diplomatic and military grounds. The United States, China, and the UN were then likely to intervene more actively. The Soviet Union also did not favour further fighting. War on the western front would also have been very costly. While in the east, the people had welcomed Indian troops as saviours, and in the west, the people and the armed forces, still intact, would fight tenaciously to defend their homes and homeland. Moreover, continuation of hostilities in the western part would have been aimless, for after all disintegration of Pakistan or annexation of any part of it was not, and could not be, an objective of Indian policy. Pakistan readily accepted the ceasefire and released Mujibur Rahman, who came to power in Bangladesh on 12 January, 1972.

India had several gains to show from the Bangladesh war. The balance of power in South Asia had been altered with India emerging as the preeminent power. The grave refugee problem had been solved with the 10 million refugees being sent back to their homes in Bangladesh. The memory of the humiliating defeat in 1962 was wiped out and India's lost pride and self-respect restored. India had not only defeated a troublesome neighbour but also asserted its independence in foreign affairs and in defence of her national interest. India proved not to be a weak political entity on the world stage even if it was not yet a world power.

Check Your Progress

5. Why did India sign a 20-year Indo-Soviet Treaty of Peace, Friendship, and Cooperation?
6. Why did the Indian government announce a unilateral ceasefire on the western front on 17 December?

4.5 DECLARATION OF EMERGENCY

In 1975, India experienced its greatest political crisis since independence when Indira Gandhi declared emergency on 26 June. Many factors were said to be responsible for the declaration of emergency.

The Pre-emergency Crises

By early 1973, Indira Gandhi's popularity began to decline. People's expectations were unfulfilled. Little efforts were being made in rural or urban poverty or economic inequality, nor was there any lessening of caste and class oppression in the countryside. The immediate provocation for the rising discontent was the marked deterioration in the economic situation. A combination of recession, growing unemployment, rampant inflation, and scarcity of foodstuffs contributed to the serious crisis. The burden of feeding and sheltering nearly 10 million refugees from Bangladesh during 1971 had depleted the grain reserves and, combined with the cost of the Bangladesh war, had led to a large budgetary deficit. The war had also drained the foreign exchange reserves. Monsoon rains failed for two successive years during 1972 and 1973, leading to a terrible drought in most parts of the country and a massive shortage of food grains and fuelling their prices. Power generation dropped and agricultural production fell and, therefore, there was a huge demand for manufactured goods, which led to industrial recession and rise in unemployment. The year 1973 also witnessed the notorious oil shock when world prices of crude oil increased four-fold leading to massive increase in the prices of petroleum products and fertilizers. This drained foreign reserves, further increased the budgetary deficit, and deepened economic recession. With all this, prices rose continuously, by 22% in 1972–73 alone. The price rise, which affected the poor and the middle classes alike, was accompanied by a scarcity of essential articles of consumption. There were food riots in several parts of the country.

Economic recession, unemployment, price rise, and scarcity of goods led to large-scale industrial unrest and a wave of strikes in different parts of the country during 1972 and 1973, culminating in an all-India railway strike in May 1974. The railway strike lasted 22 days but was broken in the end. Gandhi's popularity among the workers was eroded further.

Law and order deteriorated, particularly during 1974–75. Strikes, student protests, and popular demonstrations often turned violent. Many educational

institutions were closed for prolonged periods. In May 1973, there was a mutiny in Uttar Pradesh by the Provincial Armed Constabulary, which clashed with the army sent to discipline it, leading to the death of over 35 constables and soldiers.

Gujarat and Bihar Unrest

A major upheaval occurred in Gujarat in January 1974 when popular anger over the rise in the prices of food grains, cooking oil, and other essential commodities exploded in the form of a student movement. Soon the Opposition parties joined hands. For more than 10 weeks, the state faced virtual anarchy with strikes, looting, rioting and arson, and efforts to force MLAs to resign. The police replied with excessive force, indiscriminate arrests, and frequent recourse to lathi charge, and firing. By February, the central government forced the state government to resign, suspended the assembly, and imposed President's Rule in the state. The last act of the Gujarat drama was played in March 1975 when, faced with continuing agitation and a fast unto death by Morarji Desai, Indira Gandhi dissolved the assembly and announced fresh elections to it in June.

Inspired by the success of Gujarat agitation, a similar agitation was started by students in Bihar in March 1974. The students, starting with the gherao of the assembly on 18 March, repeatedly clashed with the overactive police, leading to the death of 27 people in 1 week. Moreover, as in Gujarat, Opposition parties quickly joined forces with the student agitators.

The Bihar movement was, however, characterized by two new features. Jayaprakash Narayan, popularly known as JP, came out from political retirement, took over its leadership, and gave a call for 'Total Revolution' or 'a struggle against the very system which has compelled almost everybody to go corrupt demanding resignation of the Congress government in Bihar and dissolution of the assembly; he asked the students and the people to put pressure on the existing legislators to resign, paralyse the government, gherao the state assembly and government offices, set up parallel people's governments all over the state, and pay no taxes. The second feature was the firm refusal of Indira Gandhi to concede to the demand for the dissolution of the assembly, lest it spread to cover other parts of the country and the central government.

JP also decided to go beyond Bihar and organize a countrywide movement against widespread corruption and for the removal of Congress and Indira Gandhi, who was now seen as a threat to democracy and portrayed as the fountainhead of corruption.

JP now repeatedly toured the entire country and drew large crowds especially in Delhi and other parts of North India which were Jan Sangh or Socialist strongholds. The JP Movement attracted wide support from people from all walks of life. It was also backed by nearly all the non-left political parties who had been trounced in 1971 and who saw in JP a popular leader who would enable them to acquire credibility as an alternative to Congress. JP in turn realized that without the organizational structures of these parties, he could not hope to face Indira Gandhi either in the streets or at the polls.

It appeared at this stage that the issue as to who actually represented the Indian people would be resolved through the democratic electoral process. However, this was not to be. A sudden twist to Indian politics was given by a judgment on 12 June 1975, by Justice Sinha of the Allahabad High Court, on an election petition by Raj Narain, convicting Gandhi for having indulged in corrupt campaign practices and declaring her election invalid. The conviction also meant that she could not seek election to parliament or hold office for 6 years and therefore continue as prime minister.

Justice Sinha, many observed, had dismissed the more serious charges against her but had convicted her of technical and trivial, even frivolous, offences against the election law. Gandhi refused to resign and appealed to the Supreme Court. While the Supreme Court would hear her appeal on 14 July, Justice V.R. Krishna Iyer, the vacation judge of the Supreme Court, created further confusion when he decided on 24 June that till the final disposal of her appeal by the full bench of the Supreme Court, Gandhi could stay in office and speak in parliament but could not vote in it.

Meanwhile, Gandhi suffered another political blow when the Gujarat assembly election results were out on 13 June. The opposition Janata front won 87 seats and the Congress 75 seats in a house of 182. Surprisingly, the Janata front succeeded in forming a government in alliance with the same Chimanbhai Patel against whose corruption and maladministration the popular movement had been initiated.

The Allahabad judgment and the Gujarat assembly results revived the Opposition movement. JP and the coalition of Opposition parties were, however, not willing to wait for the result of Indira Gandhi's appeal to the Supreme Court or the general elections to the Lok Sabha due in 8 months. Trying to seize the opportunity, they accused Gandhi of clinging to an office corruptly gained and demanded her resignation, calling for a countrywide campaign to force the issue. In a rally in Delhi on 25 June, they announced that a nationwide one-week campaign of mass mobilization and civil disobedience to force Gandhi to resign would be initiated on 29 June. The campaign would end with the gherao of the prime minister's house by hundreds of thousands of volunteers. In his speech at the rally, JP asked the people to make it impossible for the government to function and once again appealed to the armed forces, the police, and the bureaucracy to refuse to obey any orders they regarded as 'illegal' and 'unconstitutional'. In the meantime, Gandhi met the President Fakhruddin Ali Ahmed to recommend national emergency; on 26 June in 1975, the President of India declared national level emergency under Article 352.

Declaration of Emergency

Gandhi proclaimed a state of Internal Emergency under Article 352 of the constitution on 26 June, suspending the normal political processes, but promising to return to normalcy as soon as conditions warranted it. The proclamation suspended the federal provisions of the constitution and

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Fundamental Rights and civil liberties. The government imposed strict censorship on the Press and stifled all protest and opposition to the government. In the early hours of 26 June, hundreds of the main leaders of the Opposition were arrested under the Maintenance of Internal Security Act (MISA). Among those arrested were Jayaprakash Narayan, Morarji Desai, and Atal Bihari Vajpayee, and Congress dissidents such as Chandra Shekhar along with many academics, people from the press, trade unionists, and student leaders were also put behind bars. Many of the arrested were gradually released: JP in 1975 on grounds of health and others, including Charan Singh and Vajpayee, during 1976. Several extreme communal and ultraleft organizations, including the RSS, Anand Marg, Jamaar-i-Islami, and Maoist CP(ML), were banned. Arrests continued throughout the period of the Emergency though most of the arrested were released after a few days or months. In all, more than 100,000 were arrested during a period of 19 months: Among those arrested were also a large number of antisocial elements such as smugglers, hoarders, black marketeers, and known goondas.

During the Emergency, parliament was made utterly ineffective. The opposition of a few brave MPs, who had not been arrested, was nullified as their speeches were not permitted to be reported in the Press. The state governments were rigidly controlled. The two non-Congress governments of DMK in Tamil Nadu and Janata in Gujarat were dismissed in January and March 1976 despite being quite compliant. The Congress chief ministers of Uttar Pradesh and Orissa were replaced because they were seen unreliable. The Congress party was also strictly controlled. Internal democracy within the party was almost completely snuffed. From the second half of 1976, the Youth Congress led by Sanjay Gandhi gained more importance than the parent organization.

Absolute Power

A series of decrees, laws, and constitutional amendments reduced the powers of the judiciary to check the functioning of the executive. The Defence of India Act and MISA were amended in July 1975 to the detriment of the citizens' liberties. In November 1976, Indira tried to change the basic civil libertarian structure of the constitution through the 42nd Amendment. Putting an end to the judicial review of a constitutional amendment, because the judiciary was said to be obstructing pro-poor socioeconomic measures such as land reform legislation in the name of defending Fundamental Rights, it was laid down that there would be no limitation whatever on the power of parliament to amend the constitution. Fundamental Rights were indirectly emasculated by being made subordinate to an expanded version of the Directive Principles of State Policy embodied in the constitution.

Thus, the Emergency concentrated unlimited state and party power in the hands of the prime minister to be exercised through a small coterie of politicians and bureaucrats around her.

Twenty-point Programme

On 1 July, 1975, Prime Minister Indira Gandhi, in her broadcast to the nation, announced her programme of economic reforms, which contained the following 20-point programme:

1. Steps to bring down the prices of essential commodities, streamlining of procurement and distribution of essential commodities, and strict economy in government expenditure
2. Implementation of agricultural land ceilings and speedier distribution of surplus land and compilation of land records
3. Stepping up of provision of house sites for the landless and weaker sections.
4. Abolition of bonded labour
5. Liquidation of rural indebtedness
6. Review of laws of minimum agricultural wages and their increase
7. More water for irrigation
8. An accelerated power programme
9. Production of more Khadhi and development of handloom sector
10. Improvement in quality and supply of people's cloth
11. Socialisation of urban and urbanisable land. Ceiling on ownership and possession of vacant land
12. Prevention of tax evasion
13. Special legislation for the confiscation of properties of smugglers
14. Liberalization of investment procedures
15. New schemes for the association of workers with industry
16. Better road transport
17. Income tax relief
18. Cheaper goods for students
19. Books and stationery at control prices
20. New apprenticeship schemes to increase employment and training, especially of weaker sections

To this 20-point programme, Indira Gandhi added five more items of national priority: 1) National fitness; 2) Family Planning; 3) Afforestation; 4) Child welfare; and 5) Urban development.

In July 1976, Sanjay put forward his four points, which gradually became more important than the official 20 points. The four points were the following:

1. Do not take dowry at the time of marriage.
2. Practice family planning and limit families to only two children.
3. Plant trees.
4. Promote literacy.

Sanjay Gandhi was also determined to beautify the cities by clearing slums and unauthorized structures impeding roads, bazaars, parks, monuments, etc.

The 20-point programme was claimed to be an attempt to reach out towards long-cherished ideals and to mobilize India's vast reservoir of human and material resources for national reconstruction and development. It was a call for collective action to create a new India free from want and exploitation. The programme was expected to be a turning point in the country's history, heralding a big leap forward in pursuit of the national objective of a dynamic, self-reliant socialist society. The 20-point programme was Indira Gandhi's pledge to the nation and she was determined to implement it.

Public Response to the Emergency

While a section of the intelligentsia reacted to the Emergency with marked hostility, the large majority of the people initially responded to it with passivity, acquiescence, acceptance, or even support. It was only from the beginning of 1976 that the Emergency started becoming unpopular. Many reasons are attributed to this delayed reaction. For one, people had no experience in recent memory, that is, since independence, of an authoritarian rule. There was bewilderment as also personal fear of the unknown. Moreover, apart from the arrest of Opposition leaders, the repressive measures were almost entirely directed either against antisocial elements or against the extremely communal right or the minuscule far left, who had enjoyed little popular support before the Emergency and who were in any case known to be averse to democracy. Even though as many as 10,000 people were arrested initially, many of the detainees were released within a short span of time. Above all, a large number of people were impressed by the positive outcome of some of the well-publicized Emergency measures most of which could, of course, have been taken without an Emergency.

With the restoration of public order and discipline, many felt relieved that the country had been saved from disorder and chaos. There was less crime in the cities; gheraos and uncontrolled, often violent, demonstrations ended; there was a perceptible lessening of tension in the air; and there was calm and tranquillity on the campuses as students and teachers went back to classrooms. Inder Malhotra, a perceptive journalist, was to write later: 'The return of normal and orderly life, after relentless disruption by strikes, protest marches, sit-ins, and clashes with the police, was applauded by most people ...' In its initial months at least, the Emergency restored to India a kind of calm it had not known for years.

There was also an immediate and general improvement in administration, with government servants coming to office on time and being more considerate to the public. Quick, dramatic, and well-publicized action was taken against smugglers, hoarders, black marketers, illegal traders in foreign currency, and tax evaders, with several thousands of them arrested under MISA. There was a major, dramatic improvement in the economy, though only some of it was really due to steps taken under the Emergency, some of it being the result of excellent rains and some of the policies initiated much before the Emergency. Most welcome was the dramatic improvement in the price situation. Prices of essential goods, including foodstuffs, came down and their availability in shops improved.

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Popular hopes were raised and the Emergency made more palatable by the announcement on 1 July of the omnibus 20-Point Programme by Gandhi, its edge being the socioeconomic uplift of the vast mass of the rural poor. The programme promised to liquidate the existing debt of landless labourers, small farmers, and rural artisans and extend alternative credit to them, abolish bonded labour, implement the existing agricultural land ceiling laws, and distribute surplus land to the landless, provide house sites to landless labourers and weaker sections, revise upwards minimum wages of agricultural labour, provide special help to the handloom industry, bring down prices, prevent tax evasion and smuggling, increase production, streamline distribution of essential commodities, increase the limit of income tax exemption to ₹ 8,000, and liberalize investment procedures.

Towards Ending the Emergency

Within a few months, however, the people started getting disillusioned with the Emergency. Popular discontent from mid-1976 reached its peak 6 months later.

There are many reasons. Relief to the people did not last long. Economic growth of the first year of the Emergency did not sustain. Agricultural output declined; prices rose by 10% by the end of 1976. The corrupt, black marketeers and smugglers resumed their activities as the shock of the Emergency wore off. The poor were disenchanted with the slow progress in their welfare and workers were unhappy because of limits on wages, bonus and dearness allowance, and restrictions on the right to strike. Government servants and teachers became discontented because they were being disciplined in their workplaces and in many cases were being forced to fulfill sterilization quotas.

Election in 1977

On 18 January 1977, Gandhi suddenly announced that elections to the Lok Sabha would be held in March. She also simultaneously released political prisoners, removed press censorship, and other restrictions on political activity such as holding of public meetings. Political parties were allowed to campaign freely. The elections were held on 16 March in a free and fair atmosphere, and when the results came in, it was clear that Congress had been thoroughly defeated. Both Indira Gandhi and Sanjay Gandhi lost their seats. Gandhi issued a statement accepting the verdict of the people with 'due humility'.

Check Your Progress

7. Under which act were hundreds of the main leaders of the Opposition arrested in the early hours of June 26, 1975?
8. Which acts were amended in July 1975 to the detriment of the citizens' liberties?
9. In addition to the 20-point programme, which five more items of national priority were added by Indira Gandhi?

4.6 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Indira Gandhi joined Congress in 1938 and the Congress Working Committee in 1955, was reelected to the post in 1961, and was a member of the Central Election Committee of the Congress.
2. There were seven aspirants for the post of India's third Prime Minister - Desai, Indira, Nanda, Chavan, S.K. Patil, Sanjiva Reddy, and Kamaraj.
3. With the constitution of the first Board of Directors, the Reserve Bank's directive requiring the nationalized banks to obtain its prior approval for certain types of transactions was withdrawn and the banks were advised that the matters referred to therein should thenceforward be decided by their respective Board of Directors.
4. The broad aims of nationalization of banks as stated in the preamble to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 are to control the heights of the economy and to meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives.
5. To secure itself against a possible US-China intervention in case events led to a war, on 9 August India swiftly signed a 20-year Indo-Soviet Treaty of Peace, Friendship, and Cooperation.
6. On 17 December, the Indian government announced a unilateral ceasefire on the western front because the continuation of the war further would have been hazardous both on diplomatic and military grounds.
7. In the early hours of 26 June, hundreds of the main leaders of the Opposition were arrested under the Maintenance of Internal Security Act (MISA).
8. The Defence of India Act and MISA were amended in July 1975 to the detriment of the citizens' liberties.
9. In addition to the 20-point programme, Indira Gandhi added five more items of national priority: 1) National fitness; 2) Family Planning; 3) Afforestation; 4) Child welfare; and 5) Urban development.

4.7 SUMMARY

- She joined Congress in 1938, joined the Congress Working Committee in 1955, was reelected to the post in 1961, and was a member of the Central Election Committee of the Congress. She joined the Shastri Government in 1964 as Minister of Information and Broadcasting and succeeded him in 1966 after his unexpected death at Tashkent, Russia.

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- On 19 January 1966, a secret ballot was held in the meeting of Congress Parliamentary Party (CPP), in which Indira Gandhi secured 355 votes as against 169 for Desai. She became the first Woman prime minister of India on 24 January 1966.
- Indira Gandhi's 'Kitchen Cabinet' was the expanded version of the 'Back-benchers Club', formed during the Shastri years. "Her Kitchen Cabinet, a wheel within the wheel, comprised of Dinesh Singh, I.K. Gujral, Nandini Satpati, Urna Shankar Dikshit, D.P. Mishra, C. Subramaniam, Asoka Mehta, and Fakruddin Ali Ahmed. This 'nucleus of power' assisted and advised Indira Gandhi in crucial decision-making. They "urged a leftist ideological view on her"."
- Monsoon failed again for the second consecutive year. The drought continued unabated. The promised US economic aid was slow to come and irregular. Drought coupled with devaluation ignited the volatile situation. There were agitations, demonstrations, and strikes by all walks of life.
- The Government of India promulgated an Ordinance called the Banking Companies (Acquisition and Transfer of Undertakings) Ordinance on 19 July 1969, in terms of which the Central Government acquired the undertakings of the following 14 major Indian banks which had deposits of not less than ₹ 50 crore each as on the last Friday of June 1969.
- Immediately after the promulgation of the Ordinance, some writ petitions were filed in the Supreme Court, and a full bench of 12 judges passed on 22 July 1969 an interim stay order, pending the disposal of the writ petitions in respect of three matters in the Ordinance.
- A fresh ordinance was issued on 14 February 1970 which did not contain the offending provisions of the earlier Act. Under the Ordinance, the government again took over the undertaking of each of these banks with effect from the original date, i.e., 19 July 1969.
- The banking companies were given three options or any mix of these, i.e., in the form of cash, 10-year Central Government securities at par carrying interest at 4 ½ per cent per annum and 30-year Central Government securities at par carrying interest at 5 ½ per cent per annum.
- The Banking Companies (acquisition and Transfer of Undertakings) Act was passed by both Houses of Parliament towards the end of March 1970 and received the assent of the President on 31 March 1970.
- In July 1970, the Central Government in consultation with the Reserve Bank constituted the first Board of Directors for each of the nationalized banks.
- Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970 was framed by the Central Government under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. Under the scheme, each nationalized bank will have on its Board directors not

exceeding 15. And every Board so constituted shall include representatives of the employees and depositors of such banks and such other persons as may represent the interests of each of the following categories, viz., farmers, workers and artisans.

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- The broad aims of nationalization of banks as stated in the preamble to the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 are *to control the heights of the economy and to meet progressively and serve better the needs of development of the economy in conformity with national policy and objectives.*
- The criticism that nationalization will lead to inefficient functioning of banks can best be answered by pointing out the example of the State Bank of India. The enormous growth in the deposits of the State Bank of India since its inception and its performance in the priority sector credit as compared to the other commercial banks stand to prove that the efficiency of an organization need not necessarily depend on its ownership.
- Professionalization of bank managements and adequate training to bank staff are important objectives under the new system.
- There is often a misconception that nationalization is a peculiarly socialistic measure. The peculiar nature of banking industry which distinguishes it from other industries has been the main consideration for many countries to bring their banking systems under public ownership. France and Sweden are such examples.
- In the programme of branch expansion, there has been a distinct shift in favour of rural areas during this period. The proportion of bank branches of nationalized banks in rural areas increased from 22.4 per cent of the total as at the end of June 1969 to 34.94 per cent as at the end of March 2008.
- After the 1971 general elections, a major political-military crisis broke out in East Pakistan (now Bangladesh). India was inevitably drawn into the fray, leading to a bloody war between India and Pakistan.
- Over time, the people of East Pakistan developed a powerful movement for democracy in Pakistan and greater autonomy for East Pakistan. Instead of coming to terms with this movement, the ruling elite of Pakistan decided to suppress it and which ultimately transformed it into a movement for independence from Pakistan.
- In December 1970, General Yahya Khan, the military dictator of Pakistan, held free elections in which Bengal's Awami Party under Sheikh Mujibur Rahman won more than 99% of the seats in East Bengal and an overall majority in Pakistan's National Assembly. But the army and Yahya Khan, backed by Zulfiqar Ali Bhutto, the leading politician of West Pakistan, refused to let the Awami Party form the government.

- The Awami League leaders, who succeeded in escaping to Calcutta, formed a Government of Bangladesh in exile, organized the *Mukti Bahini* (Liberation Army), and launched a fierce underground movement and guerrilla warfare.
- Indira Gandhi realized that international opinion had to be educated and won over to the cause of Bangladesh and made aware of India's predicament in regard to the refugees and how they were placing an unbearable burden on India, endangering its economic and political stability.
- For the next 8 months, Indira Gandhi followed a four-pronged policy. Not only did India give sanctuary to the Bangladesh government in exile, the Indian army gave military training on Indian soil and material aid in money and military equipment to the *Mukti Bahini*.
- To secure itself against a possible US-China intervention in case events led to a war, on 9 August India swiftly signed a 20-year Indo-Soviet Treaty of Peace, Friendship, and Cooperation. The treaty provided for immediate mutual consultations and appropriate effective measures in case of either country being subjected to a military threat. The treaty was widely welcomed by people in India and gave a big boost to their morale.
- Brilliantly led by General J.S. Arora, the Indian army, joined by the *Mukti Bahini*, virtually ran through East Bengal and reached Dacca, its capital, within 11 days, and surrounded the Pakistani garrison there.
- The Indian armed forces surrounded Dacca on 13 December and forced the defeated and demoralized 93,000-strong Pakistan army in Bangladesh to surrender on 16 December. On 17 December, the Indian government announced a unilateral ceasefire on the western front.
- Pakistan readily accepted the ceasefire and released Mujibur Rahman, who came to power in Bangladesh on 12 January, 1972.
- In 1975, India experienced its greatest political crisis since independence when Indira Gandhi declared emergency on 26 June. Many factors were said to be responsible for the declaration of emergency.
- A combination of recession, growing unemployment, rampant inflation, and scarcity of foodstuffs contributed to the serious crisis. The burden of feeding and sheltering nearly 10 million refugees from Bangladesh during 1971 had depleted the grain reserves and, combined with the cost of the Bangladesh war, had led to a large budgetary deficit.
- Economic recession, unemployment, price rise, and scarcity of goods led to large-scale industrial unrest and a wave of strikes in different parts of the country during 1972 and 1973, culminating in an all-India railway strike in May 1974.
- A major upheaval occurred in Gujarat in January 1974 when popular anger over the rise in the prices of food grains, cooking oil, and other essential commodities exploded in the form of a student movement.

- The Bihar movement was, however, characterized by two new features. Jayaprakash Narayan, popularly known as JP, came out from political retirement, took over its leadership, and gave a call for 'Total Revolution' or 'a struggle against the very system which has compelled almost everybody to go corrupt Demanding resignation of the Congress government in Bihar and dissolution of the assembly.
- The JP Movement attracted wide support from people from all walks of life. It was also backed by nearly all the non-left political parties who had been trounced in 1971 and who saw in JP a popular leader.
- JP and the coalition of Opposition parties accused Gandhi of clinging to an office corruptly gained and demanded her resignation, calling for a countrywide campaign to force the issue.
- Gandhi met the President Fakhruddin Ali Ahmed to recommend national emergency; on 26 June in 1975, the President of India declared national level emergency under Article 352.
- Gandhi proclaimed a state of Internal Emergency under Article 352 of the constitution on 26 June, suspending the normal political processes, but promising to return to normalcy as soon as conditions warranted it. The proclamation suspended the federal provisions of the constitution and Fundamental Rights and civil liberties.
- In the early hours of 26 June, hundreds of the main leaders of the Opposition were arrested under the Maintenance of Internal Security Act (MISA). Among those arrested were Jayaprakash Narayan, Morarji Desai, and Atal Bihari Vajpayee, and Congress dissidents such as Chandra Shekhar along with many academics, people from the press, trade unionists, and student leaders were also put behind bars.
- During the Emergency, parliament was made utterly ineffective. The opposition of a few brave MPs, who had not been arrested, was nullified as their speeches were not permitted to be reported in the Press. The state governments were rigidly controlled.
- From the second half of 1976, the Youth Congress led by Sanjay Gandhi gained more importance than the parent organization.
- In November 1976, Indira tried to change the basic civil libertarian structure of the constitution through the 42nd Amendment. Putting an end to the judicial review of a constitutional amendment, because the judiciary was said to be obstructing pro-poor socioeconomic measures such as land reform legislation in the name of defending Fundamental Rights, it was laid down that there would be no limitation whatever on the power of parliament to amend the constitution.

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- In July 1976, Sanjay put forward his four points, which gradually became more important than the official 20 points. The four points were the following:
    1. Do not take dowry at the time of marriage.
    2. Practice family planning and limit families to only two children.
    3. Plant trees.
    4. Promote literacy.
- While a section of the intelligentsia reacted to the Emergency with marked hostility, the large majority of the people initially responded to it with passivity, acquiescence, acceptance, or even support. It was only from the beginning of 1976 that the Emergency started becoming unpopular.
- There was also an immediate and general improvement in administration, with government servants coming to office on time and being more considerate to the public. Prices of essential goods, including foodstuffs, came down and their availability in shops improved.
- The elections were held on 16 March in a free and fair atmosphere, and when the results came in, it was clear that Congress had been thoroughly defeated. Both Indira Gandhi and Sanjay Gandhi lost their seats. Gandhi issued a statement accepting the verdict of the people with 'due humility'.

4.8 KEY WORDS

- **Ordinances:** These are laws that are promulgated by the President of India on the recommendation of the Union Cabinet, which will have the same effect as an Act of Parliament.
- **Nationalization:** It is the process of transforming privately owned assets into public assets by bringing them under the public ownership of a national government or state.
- **Guerrilla warfare:** It is a form of irregular warfare in which small groups of combatants, such as paramilitary personnel, armed civilians, or irregulars, use military tactics including ambushes, sabotage, raids, petty warfare, hit-and-run tactics, and mobility, to fight a larger and less-mobile traditional military.
- **Intelligentsia:** It is a status class of educated people engaged in the complex mental labours that critique, guide, and lead in shaping the culture and politics of their society.
- **Emergency:** It refers to a 21-month period from 1975 to 1977 when Prime Minister Indira Gandhi had a state of emergency declared across the country.
- **Political prisoners:** It refers to someone imprisoned because they have opposed or criticized the government responsible for their imprisonment.

4.9 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short-Answer Questions

1. Why was the Prime Minister's US visit hailed as a spectacular success?
2. Why was the Banking Regulation Act struck down?
3. Which three options were given to the banking companies in the new Ordinance of February 1970?
4. What are the important objectives of bank nationalization?
5. How did the *Mukti Bahini* (Liberation Army) come into being?
6. What was the objective of the 20-point programme?
7. What reasons are attributed to the delayed reaction of the public towards the emergency?
8. What improvements were seen in administration and economy during the period of emergency?

Long-Answer Questions

1. 'Indira Gandhi proved that she was capable of taking unpopular decision.' Elucidate.
2. What was the Nationalized Banks (Management and Miscellaneous Provisions) Scheme, 1970? Explain.
3. Examine the things which were needed to be done for the successful achievement of the nationalization of banks.
4. 'India had not only defeated a troublesome neighbour but also asserted its independence in foreign affairs and in defence of her national interest.' Explain.
5. Describe the pre-emergency crisis.
6. Which factors led to the implementation of emergency in 1975? Explain.
7. Describe the 20-point programme of economic reforms announced by Prime Minister Indira Gandhi on July 1, 1975.

4.10 FURTHER READINGS

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UNIT 5 JANATA PARTY AND OPERATION BLUE STAR

NOTES

Structure

5.0 Introduction
5.1 Objectives
5.2 Janata Party, Morarji Desai and Charan Singh
5.3 Election of 1980
5.4 Operation Blue Star
5.5 Answers to Check Your Progress Questions
5.6 Summary
5.7 Key Words
5.8 Self Assessment Questions and Exercises
5.9 Further Readings

5.0 INTRODUCTION

Janata Party was formed as an amalgam of Indian political parties that opposed the state of emergency (from 1975 to 1977) imposed by the Prime Minister Indira Gandhi of the Indian National Congress. After the emergency ended, Congress Party was voted out of the power in the 1977 general election. Janata leader Morarji Desai became the first non-Congress prime minister of independent India. The new Janata Party-led government rolled back many emergency period rules and decrees and started an official investigation into the violations during emergency. During the tenure of the Janata Party government many important foreign policy and economic reforms were attempted, but due to power tussle and ideological differences within the party made the Janata government unable to effectively address the nation's problems. In mid-1979, Prime Minister Morarji Desai was forced to resign and with no concrete leadership in the PM Office, Indira Gandhi was re-elected as Prime Minister in 1980. In this unit, we will also study about the Operation Blue Star which was one of the most tragic episodes in the history of independent India. The Indira Gandhi government on June 5, 1984 asked the Indian army to storm the holiest Sikh Shrine, Golden Temple in Amritsar on the day that marked the martyrdom of Guru Arjun Dev.

5.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the steps taken by the Janata Government to revive the nation's economy

- Explain the causes of the fall of the Janata Party and the revival of Indira Gandhi government
- Discuss the seventh Lok Sabha elections in January 1980
- Describe the Operation Blue Star

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5.2 JANATA PARTY, MORARJI DESAI AND CHARAN SINGH

Immediately after coming out of the jails in January 1977, the opposition leaders announced the merger of Congress (O), the Jan Sangh, Bharatiya Lok Dal (BLD), and the Socialist Party into the new Janata Party. The Congress was dealt a blow by the sudden defection from it on 2 February 1977 of Jagjivan Ram, H.N. Bahuguna, and Nandini Satpathy who formed the Congress for Democracy (CFD). Along with the DMK, Akali Dal, and CPM, it forged a common front with the Janata Party in order to give a straight fight to Congress.

Results of Sixth General Election

The Opposition front made the Emergency and its excesses, especially forced sterilizations and the restriction of civil liberties, the major issues of its election campaign. The people viewed the elections as a referendum on the Emergency. With the popular upsurge in favour, the Janata Party and its allies won 330 out of the 542 seats. Congress trailed far behind with only 154 seats, with the CPI, its ally, getting 7 seats and the AIADMK 21 seats. Congress was virtually wiped out in North India; it won only 2 out of 234 seats in seven northern states. Both Indira Gandhi and Sanjay were defeated. The electoral verdict was, however, mixed in western India. Surprisingly in the South, where the Emergency had been less vigorous, and the pro-poor measures of the 20-Point Programme better implemented, Congress improved its performance, winning 92 seats in place of 70 in 1971. Janata won only 6 seats in the four southern states. The CFD merged with the Janata Party immediately after the elections. There was a near-crisis over the issue of prime-ministership between the three aspirants, Morarji Desai, Charan Singh, and Jagjivan Ram. The matter was referred to the senior leaders, Jayaprakash Narayan and J.B. Kripalani, who ruled in favour of the 81-year-old Desai, who was sworn in as prime minister on 23 March.

Dissolution of Congress Government

One of the first steps taken by the new government was to try to consolidate its hold over the states. Arguing that in those states where Congress had lost in the national elections, it had also lost the mandate to rule even at the state level, the government dismissed nine Congress-ruled state governments, and ordered fresh elections to their state assemblies. In the assembly elections, held in June 1977, Janata and its allies came out victorious in these states except in Tamil Nadu where

AIADMK won. In West Bengal, the CPM, a Janata ally, gained an absolute majority. Control over both parliament and the state assemblies enabled the Janata Party to elect unopposed its own candidate, N. Sanjeeva Reddy, as the President of the Union in July 1977.

Restoration of Democracy

The Janata government took immediate steps to dismantle the authoritarian features of the Emergency regime and to restore liberal democracy. It restored Fundamental Rights and full civil liberties to the Press, political parties and individuals. Through the 44th Constitutional Amendment, the Janata government also modified the 42nd Amendment passed during the Emergency, repealing those of its provisions which had distorted the constitution. The right of the Supreme Court and High Courts to decide on the validity of central or state legislation was also restored.

The Shah Commission Inquiry

The Janata Government was concerned more about punishing Indira Gandhi for all her sins of commission and omission during the dark days of Emergency than governing the country. The Government appointed a Commission of Inquiry under J.C. Shah, retired Chief Justice of the Supreme Court. The purpose of the commission was to inquire into excesses, malpractices, and misdeeds committed during the Emergency. Hundreds of people testified. Within days of the commencement of the commission's hearings, on 3 October, Indira Gandhi was arrested, handcuffed, and locked up at Delhi's Police Lanes. But the Magistrate released her unconditionally. After 3 months, on 9 January 1978, she was forced by a summon to face J.C. Shah at Patiala House. The Shah Commission hearings were closed on 20 February 1978.

The three-volume Shah Commission Report was an indictment of Indira Gandhi, Sanjay Gandhi, and emergency excesses. The prolonged Shah Commission inquiry, perceived by the public as a vindictive act of a hostile government, served only to increase the popularity of Indira Gandhi. The inquiry was counter-productive. The entire effort was an exercise in futility. "In the end, the Shah Commission proved largely pointless exercise".

Asoka Mehta Committee, December 1977

The Janata Party, committed to the decentralization of power, appointed in December 1977, the Committee on Panchayat Raj Institutions, under the chairmanship of Asoka Mehta to suggest measures to strengthen the local bodies. The Committee submitted its Report in August 1978, making close to a hundred recommendations. The committee strongly supported decentralization of administration. The most momentous recommendation was for the creation of a two-tier system of Panchayat Raj instead of the three-tiered one, which was in vogue as recommended by the Balwantrai Mehta Report (1957).

The Committee regarded the revenue district as the first point of decentralization below the State level. The Committee had also made specific recommendations about the composition of the various tiers of Panchayat Raj. The Committee wanted these institutions to have 'compulsory powers of taxation' to mobilize the necessary resources on their own. Significantly, the Mehta Report recommended 'open participation' of political parties in Panchayat Raj affairs. The Report also dealt with the election to these bodies, institutional safeguards for weaker sections, and state control over Panchayat Raj. The Asoka Mehta Committee recommendations were faulted on several grounds, particularly its recommendation "in favour of the two-tier pattern of Panchayat Raj is of a retrograde nature".

Time Capsule

The Janata leaders unleashed uninterrupted campaign of calumny, mixing facts with fantasy, against Indira Gandhi. They then exploited the murky atmosphere and created by gossip, rumour, and innuendo to gain political and personal leverage. One such vicious and vindictive propaganda was about the Time Capsule. The Janata leaders charged Indira Gandhi with falsification of history to magnify Nehru and her own roles as leaders of India's Independence, at the expense of others. They alleged that Indira did this through 3 capsules interred in Delhi: I) a Gandhi capsule in Birla House; 2) the Nehru capsule near Shantivan; and 3) a time capsule near the Red Fort, on 15 August 1973, the 8th anniversary of Nehru's death. It was the Time Capsule which gave the Janata the big stick to attack Indira Gandhi.

Earlier, 22 MPs, including A.S. Vajpayee and L.K. Advani, attempted to unearth the Time Capsule. When the Janata came to power, Era Sethian of DMK, now in Janata camp, raised the issue in Parliament. The Time Capsule was dug up on 8 December 1971 and was placed in the custody of a Parliamentary subcommittee. On examination, it was found then the capsule contained copies of the constitution in different languages, two coins, miniature models of Vijayanta tanks, and a 10,000-word mini-history. The history was written by Dr. S. Krishnaswamy, Professor of History at the Madras Christian College, at the behest of the Indian Council of Historical Research. It was nothing but a chronological sequence of events and did not in any way eulogized Nehru or Indira Gandhi as alleged by the Janata leaders. Their irresponsible allegations were exposed.

Economic Policy

Morarji Desai Government was committed to 'Gandhian Socialism'. The Janata Government attempted to take a quantum leap from the 'commanding height' industrial progress to decentralized rural development. The new non-Congress Prime Minister was determined to set new standards in political morality and economic welfare. The Asoka Mehta Committee was appointed with this objective. Instead of industry-oriented growth, labour intensive small-scale village industries

were encouraged. Similarly, centralized planning was replaced by a decentralized economy. Agriculture received subsidies. Land revenue was reduced. Employment was provided to rural unemployed through 'Food for Work' programme. Resources were allocated to improve rural infrastructure such as roads, school buildings, safe drinking water, and rural health, etc. The Janata economic policy was a timely Course correction to the state-controlled command economy. It was an incredible innovative step in the right direction.

Rolling Plan

The Janata Government wanted to be different from its Congress predecessors. It attempted to introduce the new concept of Rolling Plan. The plan was put into practice with effect from 1 April, 1978. Under this Janata variation of planning, Five-year Plans will continue to be formulated on a five-year basis, but plan targets and resource allocation, etc., will be revised every year, based on sectoral performance. The Rolling Plan was time bound. But the Rolling Plan could not take off because the Janata Government was ousted from power in 1980. "The Janata Government wasted a unique opportunity to build a truly federal and decentralized structure of power and authority, bolstered by necessary policy correctives to fulfill people's expectations and channelize them towards a new pattern of development".

Demonetisation, January 1978

The new year witnessed the demonetisation of higher value notes. On 16 January, 1978, an ordinance was issued, demonetising the bank notes of Rs.1,000, 5,000, and 10,000 issued by the Reserve Bank of India. This measure was aimed to serve the limited purpose of checking illegal transactions. High denomination notes could be used for smuggling, black-marketing, or for political purposes. Demonetisation was welcomed by all political parties and the public as a step in the right direction. It was expected that this measure will raise the value of money and thereby lower the prices of commodities.

Alexander Committee

The Janata Government was keen on improving and strengthening foreign trade. It wanted to bring about comprehensive changes in import–export policies, procedures, and programmes. A committee of eminent economic experts and administrators headed by P.C. Alexander was appointed. Known as the Alexander Committee, it recommended that (1) all items for which no specific policy had been laid down in the Red Book should be imported under the Open General Licence; (2) a shift from controls to development in the import regime; and (3) the Chief Controller of Imports and Experts be redesignated as Director General of Foreign Trade. Most of the recommendations were implemented. This led to a new policy of trade liberalization and laid the foundation for a new import–export regime later.

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Janata Party in Crisis

Holding the party together seems to have been a major preoccupation of the Janata leaders. Already disintegrating by the end of 1977, by 1978–79, the government, lacking all direction, was completely paralyzed by the constant bickering and infighting in the party both at the Centre and in the states. Each political component tried to occupy as much political and administrative space as possible. In the ideological sphere, the Jan Sangh tried to promote its communal agenda via textbooks and recruitment to the official media, educational institutions, and the police. The Janata Party remained a coalition of different parties and groups and was a victim of factionalism, manipulation, and personal ambitions of its leaders. The different constituents were too disparate historically, ideologically, and programmatically, bound only by an anti-Indira Gandhi sentiment and the desire for power.

The Revival of the Congress

In the meantime, the Congress witnessed both a split and a revival. Feeling that Indira Gandhi was not only a spent force but also, much worse, a serious political liability, a large number of established Congress leaders, led by Y.B. Chavan and Brahmanand Reddy, turned against her. She, in turn, split the party in January 1978, with her wing being known as Congress (I) (for Indira), and the other later as Congress (U) (for Devraj Urs).

Thereafter, Indira Gandhi's political fortunes began to revive, and in the February 1978 elections to state assemblies, Congress (I) defeated both Janata and the rival Congress in Karnataka and Andhra.

Morarji Desai and Charan Singh

The factional struggle in the Janata government and the party worsened in the middle of 1979. Charan Singh, the Home Minister, was forced to resign from the cabinet in June 1978 but was then brought back as Finance Minister in January 1979. He broke up the party and the government in July with the help of the Socialists, who walked out of the party and the government on the refusal of the Jan Sangh members to give up their dual membership of the Janata Party and the RSS. Having been reduced to a minority, Morarji Desai's government resigned on 15 July. A week later, Charan Singh formed the government in alliance with the Chavan-wing of Congress (U) and some of the Socialists and with the outside support of Congress (I) and the CPI. But he never got to face parliament as, on 20 August, a day before the confidence vote, and Indira Gandhi withdrew her support after Charan Singh rejected her demand for the scrapping of special courts set up to prosecute her. On Charan Singh's advice, the President dissolved the Lok Sabha and announced midterm elections. The elections were held in January 1980, and with this Non-Congress rule came to an end.

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Check Your Progress

1. Which amendment was modified by the Janata Party after coming into power in 1977?
2. What was the purpose of the Shah Commission?
3. What was the most momentous recommendation of Ashok Mehta Committee, December 1977?
4. Which bank notes were demonetised in January 1978?

5.3 ELECTION OF 1980

After the dissolution of Parliament on 22 August 1979, seventh Lok Sabha elections were held in January 1980. For Indira Gandhi, this election was the last and most arduous ordeal for survival. She contested from Rae Bareilly (UP) and Medak in Andhra Pradesh. The discredited and self-destroyed Janata Party was fractured beyond repairs. The main contest was between Charan Singh, the Jat leader; Jagjivan Ram, the Harijan hero; and Indira Gandhi, the national stalwart. Janata leaders appealed to the people to save India from the mother and the son, still beating the dead snake of Emergency excesses and threat to democracy, if she returned to power. On the other hand, Indira Gandhi promised stability and a strong government. Her slogan "Bring back Indira and save the country" (*Indira lao; desh bachao*) swayed the people.

The electorate once again reposed faith in Indira Gandhi and gave a massive mandate to Congress (I). The party secured 351 out of the 542 Lok Sabha seats. The victory was more spectacular in terms of the number of seats she won for the vote share of 42%. The party had won more than a two-thirds majority of the seats. This was the biggest majority ever held by a party in the Lok Sabha. Charan Singh's Lok Dal and Jagjivan Ram's Janata were decimated and relegated to the second and third places, respectively.

After having been out of office for thirty-four months, Indira Gandhi was once again the prime minister and Congress was restored to its old position as the dominant party. Following the wrong precedent set up by the Janata government in 1977, the Congress government dissolved the nine state assemblies in the opposition-ruled states. In the assembly elections, subsequently held in June, Congress swept the polls except in Tamil Nadu. It now ruled 15 of the 22 states.

Sanjay Gandhi's death while flying a stunt plane on 23 June 1980 weakened her. She tried to fill his place with her elder son, Rajiv Gandhi, who was brought into politics, got elected as an MP, and then appointed as the general secretary of the party in 1983.

Like the first one, a major weakness of Indira's second prime ministerial innings was the continuing organizational weakness of Congress and her failure to

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rebuild it and strengthen its structure. This inevitably affected the performance of the government and its popularity, for a weak party structure meant the choking of channels through which popular feelings could be conveyed to the leadership and the nature and rationale of government policies explained to the people.

While facing hardly any challenge at the Centre from Opposition parties, from the beginning of her second prime ministership, Indira Gandhi faced certain intractable problems arising out of communal, linguistic, and caste conflicts; none of these were dealt with firmly. Communalism grew stronger because of the momentum it gained during 1977–79. Its overt manifestation was communal riots, which spanned all the years from 1980 to 1984 and beyond which began to engulf even South India.

Similarly, atrocities on the Scheduled Castes and Scheduled Tribes continued as they began to assert their social and constitutional rights. However, administrative and judicial action, which included long terms of imprisonment, was taken in some cases against the perpetrators of the atrocities.

Though hesitatingly, India once again resumed its tasks of planning and economic development, with greater financial allocations. The government was noting the changes in world economy and their impact on India and initiated measures while making efforts to strengthen the public sector. These measures would later come to be known as economic liberalization. But, the government proceeded very gradually and hesitatingly because Indira Gandhi was worried about the role of multinational corporations in eroding India's self-reliance. The government, however, succeeded in raising the rate of economic growth to over 4% per year, with a large increase in agricultural and petroleum crude production, and in gradually bringing down the rate of inflation to 7% in 1984.

Indira Gandhi's government also achieved some success in foreign policy. In March 1983, India hosted the seventh summit of the Non-Aligned Movement with Indira Gandhi as its chairman. As formal leader of the Non-Aligned Movement, she actively worked for a new international economic order that would be fairer to the developing countries.

When on 26 December, 1979, the Soviet Union sent its troops into Afghanistan to help its beleaguered government, Gandhi refused to condemn the action but, at the same time, she advised the Soviet Union to withdraw its troops from Afghanistan as quickly as possible. She, however, opposed the indirect intervention of the USA and Pakistan in Afghanistan's civil war. Gandhi's stand on the Afghanistan issue was determined by India's long-term friendship and 'special' relationship with the Soviet Union and India's strategic interest in preventing Afghanistan from having an administration hostile to India.

Indira Gandhi tried to improve India's relations with the US despite its tilt towards Pakistan. She also tried to normalize relations with China and Pakistan, in spite of Pakistan's support to the terrorists in Punjab. She did not, however, hesitate to order the army in April 1984 to deploy a brigade at the Siachen glacier along the Line of Control (LoC) in Kashmir.

Economic Development: Sixth Plan

To dissolve the State Assemblies was easy, but to bolster the tempo of economic development was a Herculean task. The derailed planning process during the Janata interregnum was put on rails again. The task of planning was resumed with all seriousness. The Fifth Plan was completed a year ahead by March 1978. On 14 February, the National Development Council approved the Sixth Five-year Plan. It was formulated for a 15-year period spanning 1980–1981 to 1994–95. This was a perspective planning for accelerated progress towards removal of poverty, generation of gainful employment, and technological self-reliance. The Plan envisaged an outlay of Rs. 172.210 crores. The sixth plan represented an increase of 148% in nominal terms when compared with the fifth plan. Efforts were made to further strengthen of the public sector with an initiative towards economic liberalization.

During the sixth plan period, there was striking improvements in overall economic growth. It witnessed an acceleration in the growth of real per capita income to over 3.1 % per annum. Because of the emphasis laid on industrialization, the industrial sector registered a growth of about five-and-a-half times. Despite Green Revolution, the agricultural sector recorded a relatively modest performance primarily due to intermittent droughts and setbacks in capital spending. Services sector and the external sector gathered momentum. But low growth rates, closure of trade and investment, a licence-obsessed, restrictive state-inability to sustain social expenditures, loss of confidence in the efficacy of growth in reducing poverty, macrocrisis, and pervasive pessimism led to political upheavals, social tensions, and regional and communal agitations.

Asian Games

During political uncertainty during Janata Regime (1977–1979), the conduct of Asian Games in New Delhi was getting delayed. Indira Gandhi entrusted the responsibility of organizing the event to Rajiv Gandhi. Since Rajiv Gandhi was interested in promoting serious sport in India, he involved himself in overseeing the creation of new facilities such as stadia, swimming pools, hostels for athletes, flyovers, and new broad roads, etc., in record time. He provided necessary leadership, drive, and motivation to make the mega event a huge success. The Asian Games were conducted during November–December 1982 with great pomp and grandeur.

Check Your Progress

5. What did Indira Gandhi promise to the public and what was her slogan for the election campaign in 1980?
6. What was the major weakness of Indira's second prime ministerial innings?

5.4 OPERATION BLUE STAR

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Let us analyse the factors that led to Operation Blue Star.

Dismissal of Darbara Singh Government

To contain violence and to restore law and order, the Government of India, on 6 October 1983, dismissed the Darbara Singh Government and placed Punjab under President's rule. The next day, Punjab and Chandigarh were declared as disturbed areas. During the President's rule, indiscriminate killing of innocent people had continued. The Akalis neither disowned Bhindranwale nor did they expel him from the Golden Temple. Harmandir Sahib had been converted into an arsenal of illicit arms. It harboured criminals and terrorists. All appeals, negotiations, and dialogues failed; deadlock continued.

Process of the Military Operation

On the night of 30 May 1984, the Indian army surrounded the Golden Temple. The operation was carried out by the ninth division of the Indian army, commanded by Major General Gurdial Singh. Operation Blue Star was the code name of the assault. For three days, the army was watching the movements in and around the Golden Temple. On 3 June, all foreign journalists were expelled from Punjab. All movement in the state was halted. Punjab's border with Pakistan was sealed. Practically, "The Punjab was cut off from the rest of the world in preparation for the final assault". On 4 and 5 June 1984, the army warned the rebels inside the temple to surrender. On 5 June, under cover of darkness, a team of army commandos gained entry into the Akhal Takht. They rescued the unarmed Sikh leaders of the Akali Dal including Sant Longowal. On the morning of 6 June, the pitched battle began. In an effort to avoid too much damage to the Golden Temple, over a hundred soldiers lost their lives. Towards the end of the day tanks and artillery were deployed. The rebel defence crumbled. Bhindranwale and his associates died with their weapons in their hands. The remaining rebels surrendered. The Operation Blue Star was over. But the cost of the operation, material and human, was prohibitive and incalculable. The exact death toll of the civilians is unknown till date. The golden temple library was destroyed in fire. The Akal Takht was severely damaged.

The Assassination

On the morning of 31 October 1984, Indira Gandhi's long tenure as prime minister was brought to an end by her assassination by two Sikh members of her security guard. The Congress Parliamentary Board immediately nominated her 40-year-old son, Rajiv Gandhi, as Prime Minister.

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Check Your Progress

7. Why did the Government of India, on 6 October 1983, dismiss the Darbara Singh Government?
8. Which areas were declared as disturbed during the Blue Star Operation?

5.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Through the 44th Constitutional Amendment, the Janata government also modified the 42nd Amendment passed during the Emergency, repealing those of its provisions which had distorted the constitution.
2. The purpose of the Shah commission was to inquire into excesses, malpractices, and misdeeds committed during the Emergency.
3. The most momentous recommendation was for the creation of a two-tier system of Panchayat Raj instead of the three-tiered one.
4. On 16 January, 1978, an ordinance was issued, demonitising the bank notes of ₹1,000, 5,000, and 10,000 issued by the Reserve Bank of India.
5. Indira Gandhi promised stability and a strong government. Her slogan "Bring back Indira and save the country" (*Indira lao; desh bachao*) swayed the people.
6. The major weakness of Indira's second prime ministerial innings was the continuing organizational weakness of Congress and her failure to rebuild it and strengthen its structure.
7. To contain violence and to restore law and order, the Government of India, on 6 October 1983, dismissed the Darbara Singh Government and placed Punjab under President's rule.
8. Punjab and Chandigarh were declared as disturbed areas.

5.6 SUMMARY

- Immediately after coming out of the jails in January 1977, the opposition leaders announced the merger of Congress (O), the Jan Sangh, Bharatiya Lok Dal (BLD), and the Socialist Party into the new Janata Party. The Congress was dealt a blow by the sudden defection from it on 2 February 1977 of Jagjivan Ram, H.N. Bahuguna, and Nandini Satpathy who formed the Congress for Democracy (CFD). Along with the DMK, Akali Dal, and CPM, it forged a common front with the Janata Party in order to give a straight fight to Congress.

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- The Opposition front made the Emergency and its excesses, especially forced sterilizations and the restriction of civil liberties, the major issues of its election campaign. The people viewed the elections as a referendum on the Emergency. With the popular upsurge in favour, the Janata Party and its allies won 330 out of the 542 seats.
- Morarji Desai was sworn in as prime minister on 23 March.
- The Janata government took immediate steps to dismantle the authoritarian features of the Emergency regime and to restore liberal democracy. It restored Fundamental Rights and full civil liberties to the Press, political parties and individuals. Through the 44th Constitutional Amendment, the Janata government also modified the 42nd Amendment passed during the Emergency.
- The three-volume Shah Commission Report was an indictment of Indira Gandhi, Sanjay Gandhi, and emergency excesses. The prolonged Shah Commission inquiry, perceived by the public as a vindictive act of a hostile government, served only to increase the popularity of Indira Gandhi. The inquiry was counter-productive.
- The Janata Party, committed to the decentralization of power, appointed in December 1977, the Committee on Panchayat Raj Institutions, under the chairmanship of Asoka Mehta to suggest measures to strengthen the local bodies.
- Significantly, the Mehta Report recommended 'open participation' of political parties in Panchayat Raj affairs. The Report also dealt with the election to these bodies, institutional safeguards for weaker sections, and state control over Panchayat Raj.
- The Janata leaders charged Indira Gandhi with falsification of history to magnify Nehru and her own roles as leaders of India's Independence, at the expense of others! They alleged that Indira did this through 3 capsules interred in Delhi: I) a Gandhi capsule in Birla House; 2) the Nehru capsule near Shantivan; and 3) a time capsule near the Red Fort, on 15 August 1973, the 8th anniversary of Nehru's death.
- Morarji Desai Government was committed to 'Gandhian Socialism'. The Janata Government attempted to take a quantum leap from the 'commanding height' industrial progress to decentralized rural development. The new non-Congress Prime Minister was determined to set new standards in political morality and economic welfare. The Asoka Mehta Committee was appointed with this objective.
- The Janata Government wanted to be different from its Congress predecessors. It attempted to introduce the new concept of Rolling Plan. The plan was put into practice with effect from 1 April, 1978. Under this Janata variation of planning, Five-year Plans will continue to be formulated

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on a five-year basis, but plan targets and resource allocation, etc., will be revised every year, based on sectoral performance.

- Known as the Alexander Committee, it recommended that (1) all items for which no specific policy had been laid down in the Red Book should be imported under the Open General Licence; (2) a shift from controls to development in the import regime; and (3) the Chief Controller of Imports and Experts be redesignated as Director General of Foreign Trade.
- Holding the party together seems to have been a major preoccupation of the Janata leaders. Already disintegrating by the end of 1977, by 1978–79, the government, lacking all direction, was completely paralyzed by the constant bickering and infighting in the party both at the Centre and in the states.
- Indira Gandhi's political fortunes began to revive, and in the February 1978 elections to state assemblies, Congress (I) defeated both Janata and the rival Congress in Karnataka and Andhra.
- After the dissolution of Parliament on 22 August 1979, seventh Lok Sabha elections were held in January 1980. For Indira Gandhi, this election was the last and most arduous ordeal for survival. She contested from Rae Bareilly (UP) and Medak in Andhra Pradesh.
- Sanjay Gandhi's death while flying a stunt plane on 23 June 1980 weakened her. She tried to fill his place with her elder son, Rajiv Gandhi, who was brought into politics, got elected as an MP, and then appointed as the general secretary of the party in 1983.
- The government was noting the changes in world economy and their impact on India and initiated measures while making efforts to strengthen the public sector. These measures would later come to be known as economic liberalization.
- When on 26 December, 1979, the Soviet Union sent its troops into Afghanistan to help its beleaguered government, Gandhi refused to condemn the action but, at the same time, she advised the Soviet Union to withdraw its troops from Afghanistan as quickly as possible.
- Indira Gandhi tried to improve India's relations with the US despite its tilt towards Pakistan. She also tried to normalize relations with China and Pakistan, in spite of Pakistan's support to the terrorists in Punjab. She did not, however, hesitate to order the army in April 1984 to deploy a brigade at the Siachen glacier along the Line of Control (LoC) in Kashmir.
- During the sixth plan period, there was striking improvements in overall economic growth. It witnessed an acceleration in the growth of real per capita income to over 3.1 % per annum.
- To contain violence and to restore law and order, the Government of India, on 6 October 1983, dismissed the Darbara Singh Government and placed Punjab under President's rule. The next day, Punjab and Chandigarh were

declared as disturbed areas. During the President's rule, indiscriminate killing of innocent people had continued.

- On the morning of 31 October 1984, Indira Gandhi's long tenure as prime minister was brought to an end by her assassination by two Sikh members of her security guard. The Congress Parliamentary Board immediately nominated her 40-year-old son, Rajiv Gandhi, as prime minister.

5.7 KEY WORDS

- **Economic Liberalization:** It is the lessening of government regulations and restrictions in an economy in exchange for greater participation by private entities.
- **Operation Blue Star:** It was the code name of an Indian military action which was carried out between 1 and 10 June, 1984, in order to capture the Sikh leader Jarnail Singh Bhindranwale and his followers along with the demolition of the buildings of Harmandir Sahib complex in Amritsar, Punjab.

5.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. Why did the Shah Commission prove a largely pointless exercise in the end?
2. What was the Rolling Plan started by the Janata Government?
3. State the recommendations made by the Alexander Committee.
4. How was economic growth during the Sixth Five Year Plan?

Long-Answer Questions

1. What was the mystery of the Time Capsule? Explain.
2. How did non-Congress rule come to an end in January 1980? Explain.
3. What was Operation Blue Star? Explain.

5.9 FURTHER READINGS

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UNIT 6 RAJIV GANDHI AND VP SINGH

NOTES

Structure

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6.4 Answers to Check Your Progress Questions
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6.0 INTRODUCTION

After the assassination of Prime Minister Indira Gandhi on 31 October 1984, by her bodyguards, Rajiv Gandhi was appointed the Prime Minister of India. Soon after the death of Indira Gandhi, nationwide riots organized by the Congress supporters against the Sikh Community took place. After assuming office, Gandhi asked President Singh to dissolve Parliament and hold fresh elections, as the Lok Sabha had completed its five-year term. Gandhi officially became the President of the Congress party, which won a landslide victory with the largest majority in history of the Indian Parliament. Rajiv Gandhi as the Prime Minister passed the anti-defection law in January 1985, according to which an elected Member of Parliament or legislative assembly could not join an opposition party until the next election. In 1985, the Supreme Court of India ruled in favour of Muslim divorcee Shah Bano, and declared that her husband should give her alimony. This judgment was treated as an encroachment upon Muslim Personal Law by some Muslims. To win over the enraged Muslims, Rajiv Gandhi, in 1986, passed the Muslim Women (Protection of Rights on Divorce) Act 1986, which nullified the Supreme Court's judgment in the Shah Bano case. He tried to liberalise the country's economy by providing incentives to make private production profitable. Subsidies were given to corporate companies to increase industrial production, especially of durable goods. Gandhi employed former Rockwell International executive Sam Pitroda as his adviser on public information infrastructure and innovation. During Gandhi's time in office, public sector telecom companies MTNL and VSNL were developed. The finance minister of Rajiv Gandhi's government, V. P. Singh, uncovered compromising details about government and political corruption, which was later came to be known as the Bofors scandal. When Rajiv Gandhi discovered this, he dismissed

V.P. Singh from office. In the general elections of 1989, Congress government was voted out of power and the leaders of opposition together formed an alliance called the National Front. VP Singh was made the Prime Minister of India. He took many bold steps during his governance such as the implementation of the Mandal Commission. In this unit, we will study about the developments made during the tenure of Rajiv Gandhi and VP Singh.

6.1 OBJECTIVES

After going through the unit, you will be able to:

- Explain the developments and the events that took place during the tenure of Rajiv Gandhi Government
- Describe the causes that led to the fall of the Rajiv Gandhi
- Discuss the role of V.P. Singh in unearthing the scandals of the Rajiv Gandhi Government
- Discuss the recommendations made by the Mandal Commission and the causes of agitation against it

6.2 RAJIV GANDHI: INTERNAL AND EXTERNAL REFORMS

Following the assassination of Indira Gandhi on 31 October 1984, the Congress Parliamentary Party passed a resolution recommending Rajiv Gandhi as the party's candidate for the post of Prime Minister.

Anti-Sikh Riots

Outside Rashtrapati Bhavan, Delhi city was in flames. Incensed by the assassination of Indira Gandhi by her own Sikh bodyguards, the infuriated mob indulged in mindless rampage against Sikhs. For 2 days, Delhi, particularly the fringe 're-settlement colonies' witnessed large-scale riots. The uncontrollable mobs targeted Sikh-owned shops and business places, and looted and torched them. The indiscriminate killings, burnings, raping, and arson continued for a couple of days. It reminded of the partition communal carnage of 1947. Rajiv Gandhi, still mourning the death of his mother, swung into action. He entrusted the responsibility for maintaining law and order in the entire city with the Army. Refugee camps for riot victims were organized. A Special Action Group was constituted to help in bringing relief and succour to the beleaguered victims. A programme of action was chalked out. Relief in the form of tents, medicines, blankets, food, and water was given on war-footing. Proper security arrangements were made in every camp. Topmost priority was accorded to relief work. Rajiv Gandhi displaced "extraordinary qualities of leadership in crisis management".

Bhopal Gas Tragedy, December 1984

On 3 December 1984, there was a leak in the Union Carbide chemical gas plant. Union Carbide, a U.S. multinational pesticide company, was set up in 1978. Despite the strong objection raised by M.N. Bach, Administrator of the Municipal Corporation, the plant was located in a residential area in Bhopal, Madhya Pradesh, because labour was plentiful and cheap. Bach was transferred. Even though there had been leakages earlier in the plant in 1978, 1981, and 1983, the one on the morning of 3 December 1984 was a human tragedy, killing hundreds of men, women, children, and cattle. Rajiv Gandhi cut short his election campaign tour, rushed to Bhopal, the scene of gory carnage, consoled the survivors, and promised compensation. The Bhopal poisonous gas leak tragedy was "the worst environmental disaster the world has ever known".

1984 Election

With a view to acquire popular mandate, Rajiv Gandhi advanced by a month the date of general elections scheduled for late January 1985. In the election campaigns, Rajiv Gandhi presented himself as Mr. Clean. His core campaign theme was integrity, unity, and stability of India. He admitted past mistakes and assured that they would be corrected. He promised to usher India into the 21st Century.

Rajiv Gandhi won a landslide victory in the elections, thanks to the "sympathy wave". "In a way, 1984 elections were fought by a dead hero whose tragic death loomed large over the country's voters". Congress secured nearly 80% of the seats, 401 out of 508 in the Lok Sabha. In fact, he got a greater number of votes than had ever been secured by either Jawaharlal Nehru or Indira Gandhi. In the election, 64.1% of votes were polled and the share of Congress vote was 49%. The people trusted Rajiv Gandhi and entrusted with him a massive national mandate. Rajiv Gandhi's position as Prime Minister was legitimatised.

Rajiv-Longowal Accord, July 1985

Rajiv Gandhi's first act as Prime Minister was the fire-fighting operation of containing the anti-Sikh riots. He constituted an investigating machinery to trace out the culprits and then to punish them. Then his major policy initiative was to find an amicable solution to the Punjab problem. In January 1985, the Akali leaders including its President H.S. Longowal were released. The tense political situation created by the Blue Star Operation started to cool down. Terrorism died down. Disenchanted by militancy, mass agitation, and extremism, Longowal, President of Akali Dal, entered into negotiations with Rajiv Gandhi.

On 24 July 1985, Longowal reached an accord with Prime Minister Rajiv Gandhi and his Cabinet. The accord was reached after protracted negotiations. It was a memorandum of understanding. The salient points of the accord were the following:

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1. The Government of India agreed to consider the proposal of bringing out an all-India Gurudwara legislation.
2. The Anandpur Sahib resolution, which dealt with centre-state relations, shall be referred to the Sarkaria Commission.
3. Chandigarh would become the capital solely of Punjab.
4. Official commission would determine the extent of Hindi-speaking territories to be transferred to Haryana in lieu of Chandigarh.
5. The farmers of Punjab, Haryana, and Rajasthan will continue to get water from the Ravi-Beas system as on 1 July 1985.
6. Along with ex-gratia payment to those innocents killed in agitation after 1 August 1982, compensation for property damaged will also be paid.

Longowal stated that the Anandpur Sahib Resolution was not intended to undermine the Indian Union.

The Assam Accord

During Indira Gandhi's regime, Assam was placed under the President's rule since March 1982. The 1983 elections, boycotted by the protesters and agitators, ended with a total collapse of law and order. The worst ever violence erupted since India's independence. Indira Congress won the elections, but lost Assam. The problem of illegal immigrants in Assam remained unsolved. Rajiv Gandhi paid urgent attention to the disturbances in Assam.

On 15 August, 1985, he reached an agreement with the All-Assam Students Union. According to the Accord:

1. All immigrants who had entered Assam between 1951 and 1961 would be given full citizenship;
2. Those who came into the state after 1971 would be deported;
3. The entrants between 1961 and 1971 would be denied voting rights for 10 years but would enjoy all other rights;
4. The central government would set up a new oil refinery, in addition to the existing three refineries;
5. The jute mills and Ahsok Paper Mill at Jogighopa would be reopened;
6. Educational institution similar to IITs would be set up in the state, especially for the benefit of the students of the North Eastern Region as a whole.

The accord was welcomed widely, as it would remove the bitterness generated in the state. The Assam Agreement added a feather on the cap of Prime Minister Rajiv Gandhi, a milestone in the state's history and a finest Independence Day gift to the people of Assam.

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Rajiv-Laldenga Accord, 1986

Mizoram was a flash-point in the North-East. The Mizo National Front (MNF) led by L.C. Laldenga, in March 1966, declared Independence from Assam. Subsequently, the Mizo Hills district from Assam was converted into a Union Territory called Mizoram. Still insurgent activities persisted. In 1982, Indira Gandhi made an agreement with Laldenga and won the 1984 elections to the Mizoram Legislature Assembly. In 1986, Rajiv Gandhi signed the historic accord granting full statehood to Mizoram. Then the incumbent Congress Chief Minister was replaced by Laldenga. The Accord added another colourful feather on Rajiv Gandhi's cap.

The Shah Bano-Case, 1985–86

Shah Bano, 62-year-old, had been married to Mohammed Ahmed Khan for 46 years and had 4 children and was divorced by her husband. She filed a maintenance claim with the local magistrate court in Indore, Madhya Pradesh, against her husband. The Magistrate decided in favour of Shah Bano. But the monthly maintenance allowance of ₹ 25 was too meagre, so she appealed to the High Court which revised the amount to ₹ 179 and 20 paise. Her husband refused to bear the decreed amount and appealed to the Supreme Court which in its landmark judgment, while reaffirming the High Court verdict in favour of Shah Bano, held that divorced Muslim women, like other Indian women, were entitled to maintenance and raised the maintenance allowance to ₹ 500 per month. The judgment was a martial blow to the personal law of Muslims.

Muslim Women's (Protection of Rights of Divorce) Bill

The Banatwala Bill, introduced in 1986, by a private M.P. G.M. Banatwala, the General Secretary of the Indian Union Muslim League, sought to amend the criminal procedure code so as to deny maintenance to divorced Muslim women. Rajiv Gandhi was caught in the crossfire of Shah Bano case and Banatwala Bill. If he supported the bill, he would have to gain the wrath of the Hindus; if he opposed the Bill, he would have antagonized the Muslims. To come out of this tricky situation, Rajiv Gandhi Government introduced the Muslim Women's (Protection of Rights of Divorce) Bill on 25 February, 1986.

Anti-Defection Act, 1985

Rajiv Gandhi, who was determined to clean up the political system, got the Anti-Deflection (52nd Constitution Amendment) Bill (1985) passed by the Parliament. The objective of the Act was to curb defection by disqualification.

The salient features of the crucial Act are the following: 1) Any defected MP or MLA belonging to any political party shall be disqualified from being a member of that house; 2) an elected party member of the house shall be disqualified if he or she joins any other political party after elections; 3) a nominated member of a House shall be disqualified if he or she joins any political party after 6 months; and

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4) if one-third of the members of a political party leave a party, it would be treated as a split and will not invite expulsion from the house.

The Act was of course defective and there were many loopholes, but it was a bold attempt to check horse-trading and shifting of loyalties by unscrupulous politicians. It was a serious effort to make the political system more transparent and to dissuade self-promoting despicable offenders.

Economic Policy

Four-fold strategy

Rajiv Gandhi was neither happy with the 'mixed economy' nor with the pampering of public sector undertakings. He wanted to bring about radical changes in the existing politico-economic system. He, therefore, decided to liberalize the socialist system of licenses and controls to suit the needs of globalization, modernization, and urbanization. He formulated a four-point strategy to prepare the country to enter into the 21st century with confidence: (1) to open the economy to a free enterprise and market mechanism, (2) to introduce modern management methods, (3) to clean up administration, and (4) to democratize and revitalize the ruling party. Rajiv's new political and economic order has been compared with the Perestroika of the newly chosen General Secretary of the Soviet Union, Mikhail Gorbachev.

Technology Missions

One of the ingenious innovative policy initiatives was the setting up of Technology Missions. Guided by Sam Pitroda, six technology missions were established: (1) The Drinking Water Mission, (2) The Literacy Mission, (3) The Immunization Mission, (4) The White-revolution Mission, (5) The Edible Oil Mission, and (6) The Telephone Mission. These technology-oriented missions were time-bound problem-solving projects. They applied science and technology to solve the perennial problems of providing safe protected drinking water to all Indian villages, attacking mass illiteracy, immunization of pregnant women and children, promoting milk production, increasing edible oil production, and to bring one telephone to every village in India by the end of the 20th century. These missions heralded a multiple rural revolution in India.

Computerisation

Telecom revolution, telephone counters came up in towns and villages in India. India was punctuated by Public Call Offices. Computerisation programme did not lag behind. It marched hand-in-hand with telecom expansion. Rajiv Gandhi brushed aside criticism and pushed through the computerization project. He encouraged domestic producers by cutting import duties on computer components. Foreign manufacturers were allowed to enter the domestic market. Computers were introduced in offices and educational institutions. In short, Rajiv Gandhi inaugurated the information and communication revolution.

New Education Policy, 1986

Let us analyse the various facets of the national education policy.

National Policy on Education

The Parliament in 1986 adopted the National Policy on Education. Task Forces examined the existing situation and submitted their supports in July 1986. The Programme of Action was drawn on the basis of these Reports. The chief characteristics of the New Education Policy (NEP) were the following: 1) organizational flexibility, 2) relevance of curriculum, 3) diversity in learning activities to relate them to learners' needs, and 4) decentralization of management. The over-arching aim of the NEP was to create a national system of education, elimination of disparities in the educational system, and improvement in the quality of publicly funded schools. Priority had been towards 1) effective universalisation of elementary education, 2) eradication of illiteracy and skill development, 3) vocationalisation of education, 4) preparation of manpower required for developmental needs, 5) improvement in quality at all levels, and 6) scientific and technological research.

In pursuance of the National Education Policy, formulated in 1968, the Rajiv Government reviewed the shortcomings and achievements of educational policies and programmes and attempted to revamp the entire educational edifice "to cope with the future challenges and the accelerating pace of change". The Parliament, during the Budget session in 1986, discussed and adopted the National Policy on Education, 1986. The National Education Policy (NEP) laid greatest emphasis on elimination of disparities in the educational system and on improvement in the quality of publicly funded schools.

Operation Blackboard

The National Education Policy with specific proposals was implemented with speed and determination. Operation Blackboard was launched with the object of providing minimum essential facilities in primary schools. The word 'operation' was used to imply the urgency of the programme, that goals were clear and well-defined and that government were determined to achieve the goals within a predetermined time frame. In the words of Programme of Action document, the operation blackboard was undertaken "to demonstrably improve accommodation and facilities in underprovided primary schools in rural as well as urban areas". Operation Blackboard envisaged (1) two reasonably large rooms, (2) necessary toys and games material, (3) blackboards, (4) maps, (5) charts, and (6) other learning materials. The specific items to be provided in each school under Operation Blackboard were specified. Single-teacher schools were to be replaced by providing one more teacher per school during the Eighth Five-year Plan period.

Navodaya Vidyalayas

The programme of starting Navodaya Vidyalayas has two aspects: one was for the potentially high achievers, and the other was for the gifted students who can be expected to make original contribution in their subject areas. This was the merit-based programme for the gifted students of Rural India. The government proposed to start one Navodaya Vidyalaya in each district throughout the country during the seventh five-year plan period. The intention was to make available good quality secondary education irrespective of the parent's capacity to pay and their socioeconomic background. The schools were criticized as elitist.

Autonomous Colleges

The New Education Policy gave a good push to the scheme of autonomous colleges. The scheme envisaged that about 500 such colleges should be developed during the seventh plan period, and more important, the existing uncreative and outmoded affiliating system shall be replaced by the new system. To achieve this objective, the university acts were to be amended.

Rural Higher Education

Education to rural children received great attention during the freedom movement. After Independence, greater importance was given to Basic Education and starting of Rural Institutes. The National Education Policy envisaged the development of a pattern of education related to the needs of the rural communities and strengthening and supporting of programmes based on the concept of co-relation between socially useful productive work, social service, and academic study. With this end in view, rural universities were started. A Central Council of Rural Institutes formulated and coordinated the programmes of rural higher education.

Delinking Degrees from Jobs

Another innovative scheme envisaged by the New Education Policy was to delink university degree from the requirement or recruitment to services, and also this measure will lead to refashioning of job-specific courses. Several strategies were formulated to match higher education with employment.

Open University and Distance Education

The NEP favoured the Open University System since it "augments opportunities for higher education, ensures access, is cost-effective, and promotes a flexible and innovative system of education." The Indira Gandhi Open University (IGNOU), established by an Act of Parliament in September 1985, was responsible for the introduction and promotion of Open University and Distance Education System, besides the university departments. Addressing a gathering at Madras Christian College on 27 March 1987, Rajiv Gandhi observed that the ability of the individual was the main consideration in the New Education policy; that Navodaya Vidyalayas

were the first major egalitarian step that had been taken in bringing quality education to the poorest and weakest sections; and that delinking degrees would make employment worthwhile even for those without a university degree.

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Research and Development

Planned promotion of Research and Development (R&D) was the integral part of New Education Programme. The NEP laid great importance to R&D in the areas of natural and social sciences, humanities, engineering, agriculture, and medical sciences. The new national policy identified main problems and shortcomings and infrastructural inadequacies, and suggested remedial measures. The 'action points' were (1) research as an integral part of higher education institutions, (2) ensuring high quality of research, (3) enhanced support for research, and (4) networking, collaboration, linkages, coordination, policy, and planning. These action points were fitted in the meticulously planned time frame.

Corruption, Scandals, and Controversies

Bofors Scandal

On 16 April 1986, when opposition in Parliament was blaming Rajiv's Government as 'steeped in corruption', the Swedish National Radio came out with the sensational story that in 1986, the Bofors unit of Nobel Industries, Sweden, AB, the largest Swedish arms manufacturer had already paid a total of 5 million dollars into an account, code-named LOTUS, at the Schweizisher Bank in Geneva. The contract was alleged to have authorized by Rajiv Gandhi in 1986 when he was the Prime Minister and Defence Minister. The Bofors scandal opened the Pandora's Box.

German Submarine Scandal, 1986

Bofors scandal was followed by the HDW German submarine scandal. Soon after V.P. Singh took charge of the new portfolio of defence, he stumbled on a huge kickback paid for the government contract to buy four submarines from a West German company, Howaldtswerke Deutsche Werbt (HDW). Rajiv Gandhi was furious when he came to know that an enquiry into the submarine deal was ordered by V.P. Singh without consulting him. Soon, V.P. Singh resigned from the government. The opposition and the press praised Singh's honesty and blamed Rajiv's suspected cover-up.

Fair Fax Controversy, 1986–87

The corruption scandals were compounded by the Fairfax controversy. Following a series of articles published in the Indian Express alleging the Chairman of Reliance Industries, Dhirubhai Ambani, a business Titan, had imported machinery illegally. V.P. Singh in October 1986 had authorized the Fairfax Group, a private management consultant firm specializing in detective work, to probe the allegations. This was known to the public only in January 1987. FairFax had allegedly unearthed evidence of kickbacks paid to government agents by foreign companies for securing defence

contracts, implicating Amitabh Bachchan and his brother Ajitabh Bachchan who was in Switzerland. Rajiv's credibility was doubted since he was the Prime Minister and Defence Minister during that time.

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Fall of Rajiv Government, 1989

In 1989, the Bofors scandal resurfaced with redoubled force. Though the Joint Parliamentary Committee, more or less, exonerated Rajiv Gandhi, the Report of the Comptroller and Auditor General (CAG) came as a bolt from the blue. The devastating document questioned the technical and cost-assessment procedures followed by the Defence Ministry, then headed by Rajiv Gandhi, for purchasing guns and ammunition. The opposition obstructed the proceedings of the Lok Sabha during the whole week from 18 to 21 July. Then followed the unprecedented resignation of 106 opposition MPs from the Lok Sabha. On 17 October, 1989, Rajiv Gandhi called on the President R. Venkatraman and conveyed his government's decision to call for general elections in November 1989. The same day, the Election Commission announced dates for polls to the 9th Lok Sabha.

Check Your Progress

1. Why was the Union Carbide plant located in a residential area in Bhopal despite the strong objection raised by M.N. Bach, Administrator of the Municipal Corporation?
2. What was the first act of Rajiv Gandhi after becoming the PM in 1984 election?
3. What was the objective of the Anti-Defection Act, 1985?
4. What was the objective of the Operation Blackboard?

6.3 VP SINGH AND THE MANDAL COMMISSION

The 1989 general elections saw Congress voted out of power once again. Leaders of opposition together formed an alliance called the National Front, bringing together national and regional parties. Vishwanath Pratap Singh served as the finance and defence minister in the Rajiv Gandhi cabinet, resigned from the congress, and started the campaign against Rajiv Gandhi in the 1989 general elections. He was elected the National Front prime minister, which lasted for only 11 months. V.P. Singh took bold steps in many issues in this short period of time; particularly he implemented the Mandal Commission recommendations that paved the way for reservations for OBC.

The Issue of OBCs

The issue of Other Backward Classes (OBCs) is unique. In the case of SCs and STs, there has been national consensus, since the designated castes were well-scheduled. They had a common referent or identity since they bore the brunt of

innumerable inhuman discriminations, deprivations and privations, and carried the cross of untouchability—an all-India phenomenon. There is no such common criterion or referent or identity with regard to OBCs. Nor is there a national consensus about Backward Castes other than SCs and STs. Moreover, the OBCs were heterogeneous—there are innumerable intermediate castes between the 'twice-form' upper castes and the SCs and STs. Confusion was worse confounded.

Kaka Kalelkar Commission

There are specific constitutional provisions regarding the protection, welfare, and advancement of Other Backward Classes (OBCs). As per the constitutional requirement, the first Backward Classes Commission was constituted in 1953 under the chairmanship of Kaka Kalelkar. It submitted its Report in 1955. The Commission expressed doubts about adopting 'caste' as the criterion or the basis for identifying backward classes. Nevertheless, it identified 2,399 castes as socially and educationally backward. It also proposed the adoption of a policy of reservation for BCs in government services, with the reserved posts ranging from 25 to 40% in different categories. But the Government of India had not accepted the recommendations of the Commission because it had not applied any objective scientific test for identifying BCs. However, the issue of identifying the BCs and required reservation for them was left to the discretion of State Governments.

The Mandal Commission

In 1979, the Janata Government, strongly supported by backward caste groups in North India, appointed another commission, known after its chairman as the Mandal Commission. This Commission was asked to (1) determine the criteria for identifying socially and educationally backward classes, (2) suggest steps to be taken for the advancement of such classes, (3) review the desirability or otherwise of making provision for the reservation of appointments in favour of BCs which were not adequately represented in public service, and (4) present a report setting out the fact as found by the Commission making such recommendations. The Commission submitted its Report on 31 December, 1980. The Mandal Commission, like its predecessor, defined BCs in caste rather than class terms. It enumerated specific castes as 'backward' by virtue of their social as well as educational and economic status. The Commission drew up a list of some 400 castes which they classified as 'backward'.

The principles put forth by the Mandal Commission and previous commissions that recommended reservations for the BCs were the following:

1. Caste membership, rather than individual class, should identify the beneficiaries.
2. Low social ranking in the caste hierarchy should be the principal consideration for inclusion on the OBC list.
3. Religious and linguistic groups should not quality for inclusion.

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4. Reservations should be in the public sector and, for the SCs and STs, seats in legislative bodies.

In all the reports, individual class characteristics, average per capita income or other economic criteria, and economic condition of religious and linguistic groups were not taken into consideration. The central premise of the Mandal Commission was that India should proceed from an ideology that rested upon hereditary hierarchy to an ideology that emphasized equality of outcomes, i.e., not equality of opportunity. Though the Janata Government approved the recommendations of the Mandal Commission, no action was taken at the time.

Implementation of the Mandal Report

On 7 August 1990, Prime Minister V.P. Singh made a suo moto statement on the floor of Lok Sabha that his Government had taken the following decisions to implement the Mandal Report. (1) They can adopt, in the first phase, the castes common to both the Mandal list and the state list. 2) The percentage of reservation of the socially and educationally backward castes will be 27%, and 3) The reservation will be applicable to services under the Government of India and public undertakings. The treasury benches loudly cheered Singh's statement. V.P. Singh made it clear that his government's decision to implement the Mandal Commission Report was only the first step towards realizing the goal of giving the backward communities their legitimate share in decision-making and in the society power structure. He was convinced that the country's socioeconomic system was biased against the weaker sections and the distortion could only be corrected by taking some bold steps. He wanted a complete change in the social structure and expected the upper castes would understand the issue in proper perspective.

Anti-Mandal Agitation

V.P. Singh's announcement of his government's reservation policy provoked a violent reaction in the northern states. The Anti-Mandal agitation manifested itself in the form of rallies, meetings, discussions, demonstrations, destruction of public property, self–immolation, etc. The agitation was led essentially by the urban middle class who came out into streets in protest against the government's decision. Particularly, students were in the forefront of the agitation. Teachers, government employees, and housewives supported them. The mobs went on a rampage, buses were set on flames, government property destroyed, university degrees burnt, and some immolated themselves. Girl students of Delhi were lathi-charged.

The agitation was taking an ugly turn and spreading fast to Haryana, Gujarat, Orissa, and a few other states. Police action further provoked the agitations. Troops were called out in Jaipur and Rajasthan where the BJP government wanted to highlight the protest. There was counter anti-reservation agitation. On 28 August, Dalit Sena activists took out a procession in favour of the "reservation policy." While the initial reaction to Government announcement was spontaneous, the subsequent escalation was an orchestrated reaction by vested interests, including

the Prime Minister's opponents in the Janata Dal. The agitation continued unabated till the Supreme Court granted a stay on the implementation of the Mandal Report on 1 October, 1990.

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Mandal commission implementation and Rama Jenma Bhoomi temple issues paved way for the fall of V.P. Singh government. One of the Janata Dal leaders, Chandra Sekar split the party and formed the government at the centre with the help of congress. However, this government lasted only 6 months, the 9th Lok Sabha was dissolved, and general elections were conducted for the 10th Lok Sabha. During the election campaign, congress leader Rajiv Gandhi was assassinated on 21 May 1991, in Sriperumbudur. The election results show that none of the political parties or alliances got the absolute majority in Lok Sabha. At the same time, congress emerged as the single largest party. Its president Narasimha Rao became the ninth prime minister of India with help of regional parties.

Check Your Progress

5. What were the tasks of the Mandal Commission?
6. Which issues paved the way for the fall of the V.P. Singh government?

6.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Despite the strong objection raised by M.N. Bach, Administrator of the Municipal Corporation, the plant was located in a residential area in Bhopal, Madhya Pradesh, because labour was plentiful and cheap. Bach was transferred.
2. Rajiv Gandhi's first act as Prime Minister was the fire-fighting operation of containing the anti-Sikh riots. He constituted an investigating machinery to trace out the culprits and then to punish them. Then his major policy initiative was to find an amicable solution to the Punjab problem.
3. The objective of Anti-Defection Act, 1985 was to curb defection by disqualification.
4. Operation Blackboard was launched with the object of providing minimum essential facilities in primary schools.
5. The Mandal Commission was asked to (1) determine the criteria for identifying socially and educationally backward classes, (2) suggest steps to be taken for the advancement of such classes, (3) review the desirability or otherwise of making provision for the reservation of appointments in favour of BCs which were not adequately represented in public service, and (4) present a report setting out the fact as found by the Commission making such recommendations.

6. Mandal commission implementation and Rama Jenma Bhoomi temple issues paved the way for the fall of the V.P. Singh government.

6.5 SUMMARY

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- Following the assassination of Indira Gandhi on 31 October 1984, the Congress Parliamentary Party passed a resolution recommending Rajiv Gandhi as the party's candidate for the post of Prime Minister.
- Outside Rashtrapati Bhavan, Delhi city was in flames. Incensed by the assassination of Indira Gandhi by her own Sikh bodyguards, the infuriated mob indulged in mindless rampage against Sikhs.
- On 3 December 1984, there was a leak in the Union Carbide chemical gas plant. Union Carbide, a U.S. multinational pesticide company, was set up in 1978. Despite the strong objection raised by M.N. Bach, Administrator of the Municipal Corporation, the plant was located in a residential area in Bhopal, Madhya Pradesh, because labour was plentiful and cheap.
- Rajiv Gandhi won a landslide victory in the 1984 elections, thanks to the "sympathy wave". "In a way, 1984 elections were fought by a dead hero whose tragic death loomed large over the country's voters".
- Rajiv Gandhi's first act as Prime Minister was the fire-fighting operation of containing the anti-Sikh riots. He constituted an investigating machinery to trace out the culprits and then to punish them. Then his major policy initiative was to find an amicable solution to the Punjab problem.
- On 24 July 1985, Longowal reached an accord with Prime Minister Rajiv Gandhi and his Cabinet. The accord was reached after protracted negotiations. It was a memorandum of understanding.
- During Indira Gandhi's regime, Assam was placed under the President's rule since March 1982. The 1983 elections, boycotted by the protesters and agitators, ended with a total collapse of law and order.
- The Assam Accord was welcomed widely, as it would remove the bitterness generated in the state. The Assam Agreement added a feather on the cap of Prime Minister Rajiv Gandhi, a milestone in the state's history and a finest Independence Day gift to the people of Assam.
- Mizoram was a flash-point in the North-East. The Mizo National Front (MNF) led by L.C. Laldenga, in March 1966, declared Independence from Assam. Subsequently, the Mizo Hills district from Assam was converted into a Union Territory called Mizoram.
- Supreme Court in its landmark judgment, while reaffirming the High Court verdict in favour of Shah Bano, held that divorced Muslim women, like

other Indian women, were entitled to maintenance and raised the maintenance allowance to ₹ 500 per month. The judgment was a martial blow to the personal law of Muslims.

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- Rajiv Gandhi Government introduced the Muslim Women's (Protection of Rights of Divorce) Bill on 25 February, 1986.
- Rajiv Gandhi, who was determined to clean up the political system, got the Anti-Deflection (52nd Constitution Amendment) Bill (1985) passed by the Parliament. The objective of the Act was to curb defection by disqualification. The Act was of course defective and there were many loopholes, but it was a bold attempt to check horse-trading and shifting of loyalties by unscrupulous politicians. It was a serious effort to make the political system more transparent and to dissuade self-promoting despicable offenders.
- Rajiv Gandhi decided to liberalize the socialist system of licenses and controls to suit the needs of globalization, modernization, and urbanization. He formulated a four-point strategy to prepare the country to enter into the 21st century with confidence: (1) to open the economy to a free enterprise and market mechanism, (2) to introduce modern management methods, (3) to clean up administration, and (4) to democratize and revitalize the ruling party.
- One of the ingenious innovative policy initiatives was the setting up of Technology Missions. Guided by Sam Pitroda, six technology missions were established: (1) The Drinking Water Mission, (2) The Literacy Mission, (3) The Immunization Mission, (4) The White-revolution Mission, (5) The Edible Oil Mission, and (6) The Telephone Mission.
- The Parliament, during the Budget session in 1986, discussed and adopted the National Policy on Education, 1986. The National Education Policy (NEP) laid greatest emphasis on elimination of disparities in the educational system and on improvement in the quality of publicly funded schools.
- Operation Blackboard was launched with the object of providing minimum essential facilities in primary schools. The word 'operation' was used to imply the urgency of the programme, that goals were clear and well-defined and that government were determined to achieve the goals within a predetermined time frame.
- The programme of starting Navodaya Vidyalayas has two aspects: one was for the potentially high achievers, and the other was for the gifted students who can be expected to make original contribution in their subject areas. This was the merit-based programme for the gifted students of Rural India.
- The New Education Policy gave a good push to the scheme of autonomous colleges. The scheme envisaged that about 500 such colleges should be developed during the seventh plan period.

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- The National Education Policy envisaged the development of a pattern of education related to the needs of the rural communities and strengthening and supporting of programmes based on the concept of co-relation between socially useful productive work, social service, and academic study. A Central Council of Rural Institutes formulated and coordinated the programmes of rural higher education.
- The Indira Gandhi Open University (IGNOU), established by an Act of Parliament in September 1985, was responsible for the introduction and promotion of Open University and Distance Education System, besides the university departments.
- The NEP laid great importance to R&D in the areas of natural and social sciences, humanities, engineering, agriculture, and medical sciences. The new national policy identified main problems and shortcomings and infrastructural inadequacies, and suggested remedial measures.
- On 16 April 1986, when opposition in Parliament was blaming Rajiv's Government as 'steeped in corruption', the Swedish National Raido came out with the sensational story that in 1986, the Bofors unit of Nobel Industries, Sweden, AB, the largest Swedish arms manufacturer had already paid a total of 5 million dollars into an account, code-named LOTUS, at the Schweizisher Bank in Geneva. The contract was alleged to have authorized by Rajiv Gandhi in 1986 when he was the Prime Minister and Defence Minister. The Bofors scandal opened the Pandora's Box.
- Bofors scandal was followed by the HDW German submarine scandal. Soon after V.P. Singh took charge of the new portfolio of defence, he stumbled on a huge kickback paid for the government contract to buy four submarines from a West German company, Howaldtswerke Deutsche Werbt (HDW).
- The corruption scandals were compounded by the Fairfax controversy. Following a series of articles published in the Indian Express alleging the Chairman of Reliance Industries, Dhirubhai Ambani, a business Titan, had imported machinery illegally. V.P. Singh in October 1986 had authorized the Fairfax Group, a private management consultant firm specializing in detective work, to probe the allegations.
- The 1989 general elections saw congress voted out of power once again. Leaders of opposition together formed an alliance called the National Front, bringing together national and regional parties.
- V.P. Singh was elected the National Front prime minister, which lasted for only 11 months. He took bold steps in many issues in this short period of time; particularly he implemented the Mandal Commission recommendations that paved the way for reservations for OBC.

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- There are specific constitutional provisions regarding the protection, welfare, and advancement of Other Backward Classes (OBCs). As per the constitutional requirement, the first Backward Classes Commission was constituted in 1953 under the chairmanship of Kaka Kalelkar. It submitted its Report in 1955.
- In 1979, the Janata Government, strongly supported by backward caste groups in North India, appointed another commission, known after its chairman as the Mandal Commission. This Commission was asked to (1) determine the criteria for identifying socially and educationally backward classes, (2) suggest steps to be taken for the advancement of such classes, (3) review the desirability or otherwise of making provision for the reservation of appointments in favour of BCs which were not adequately represented in public service, and (4) present a report setting out the fact as found by the Commission making such recommendations.
- V.P. Singh's announcement of his government's reservation policy provoked a violent reaction in the northern states. The Anti-Mandal agitation manifested itself in the form of rallies, meetings, discussions, demonstrations, destruction of public property, self–immolation, etc.
- Mandal commission implementation and Rama Jenma Bhoomi temple issues paved way for the fall of V.P. Singh government. However, this government lasted only 6 months, the 9th Lok Sabha was dissolved, and general elections were conducted for the 10th Lok Sabha. During the election campaign, congress leader Rajiv Gandhi was assassinated on 21 May 1991, in Sriperumbudur.
- At the same time, congress emerged as the single largest party. Its president Narasimha Rao became the ninth prime minister of India with help of regional parties.

6.6 KEY WORDS

- **Carnage:** It refers to the killing of a large number of people.
- **Accord:** It refers to an official agreement or treaty.
- **Distance education:** It is a means to gain additional qualification has and when needed (Scaling high in any organization that they are presently engaged with).
- **Mandal Commission:** It was established in India on 1 January 1979 by the Janata Party government under Prime Minister Morarji Desai with a mandate to "identify the socially or educationally backward classes" of India.

6.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short-Answer Question

1. What were the salient points of Longowal's accord with Rajiv Gandhi?
2. State the important points of the Assam Accord.
3. What are the salient features of the Anti-Defection Act, 1985?
4. What was the four-point strategy of Rajiv Gandhi's economic policy?
5. List the action points laid out in NEP, 1986 for research and development.

Long-Answer Question

1. Elaborate on the Technology Missions undertaken by the Rajiv Gandhi Government.
2. Analyse the various facets of the New Education Policy, 1986.
3. Give an overview of the scandals and controversies which loomed over the Rajiv Gandhi Government.
4. What were the principles and the recommendations made by the Mandal Commission? Explain.

6.8 FURTHER READINGS

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BLOCK III
ADMINISTRATION OF P.V. NARASIMHA RAO, VAJPAYEE AND MANMOHAN SINGH

NOTES

UNIT 7 P.V. NARASIMHA RAO

Structure

7.0 Introduction
7.1 Objectives
7.2 Administration of Narasimha Rao
7.3 Globalization, Privatisation and Liberalisation
7.4 Answers to Check Your Progress Questions
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7.6 Key Words
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7.0 INTRODUCTION

PV Narsimha Rao led one of the most important administrations in India's modern history. He oversaw a major economic transformation. He favoured the ban of license raj and hastened its dismantling. He was also known as the father of Indian economic reforms. He steered tough economic and political legislation through the parliament at a time when he headed a minority government. Rao's major achievement was the liberalisation of the Indian economy. The economic reforms were adopted to avert impending international default in 1991. These reforms opened up Indian economy to foreign investment, reformed capital markets, deregulated domestic business, and reformed the trade regime. His government's goals were to reduce the fiscal deficit, privatize the public sector and increase the investment in infrastructure. Trade reforms and changes in the regulation of foreign direct investment were introduced to open India to foreign trade while stabilizing external loans. Manmohan Singh, an acclaimed economist and Finance Minister in Rao's government, played an instrumental role in implementing these reforms. In this unit, we will study in detail about the economic reforms brought in by the Narasimha Rao government along with the globalization, privatisation and liberalisation.

7.1 OBJECTIVES

After going through this unit, you will be able to:

- Explain the economic reforms undertaken by Dr. Manmohan Singh
- Describe the various aspects of the New Economic Policy and its after effect

- Analyse the factors that led to the economic crisis in 1991
- Discuss the LPG model of Liberalisation, Privatisation and Globalization

7.2 ADMINISTRATION OF NARASIMHA RAO

P.V. Narasimha Rao, leader of the single largest Congress Party, was able to form the Ministry by himself. He was the first Prime Minister from the South and well-versed in Hindi. He headed a minority government and his prolonged political and administrative experience coupled with his close contact with political parties and leaders helped him, in no small measure, to govern the country. In his first year, Rao was more like a trapeze artist in a circus.

New Economic Policy

Rao's Government faced the worst ever economic crisis since independence. The crisis had been simmering from the mid-1980s, ever since the successive governments, instead of managing macro-economy, were relying heavily on domestic and foreign borrowings. Added to this was the steep rise in oil prices, consequent to the Iraqi invasion of Kuwait. As a result, the country had to face a crisis of high fiscal deficit, escalating inflation and setback to balance of payments, leading to a rapid depletion of foreign exchange reserves.

Manmohan Singh and his Economic Reforms

Dr. Manmohan Singh, Finance Minister, rose up to the occasion and decided to take the bull of economic crisis by its horns. Dr. Singh, a Congress outsider, had an enviable academic track record and enriched experience as Secretary General in the South-South Commission and he had inside knowledge of the international financial institutions. His priority was to correct major distortions and deficiencies in the economic system. He inherited the unenviable legacy of the industrial policy pursued with a vengeance from 1965 to 1990, with a solitary exception of limited liberalization in the 1980s, resulting in crippled capacities, stagnated productivity, prohibitively high cost inefficient industrial structure, burdensome import substitution, and 'export pessimism'. In short, India's rigid industrial and import substitution policies resulted in structural rigidities. The reason was erosion of economic competitiveness and the resultant stagnation of economic growth. So, Dr. Manmohan Singh embarked on the course of Liberalization, Competition, and Globalization.

Devaluation of Rupee

The finance minister, Dr. Manmohan Singh, directed the Reserve Bank of India (RBI) to reduce the value of the rupee by 83% at one stroke and then another dose of devaluation by 11.3%. The Finance Minister also formulated a scheme for bringing down the deficit by drastically cutting subsidies on food, fertilizer, and petrol, etc. Dr. Singh was "valiantly struggling to keep the sinking economy afloat". Manmohanamics saved the situation.

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Budget for 1991–92

The budget for 1991–92, presented by the Finance Minister, contained two controversial proposals. (1) Withdrawal of subsidies on fertilizer and (2) a grant of Rs. 100 crores, spread over 5 years, to the Rajiv Gandhi Foundation. Both the proposals provoked strong reactions. Sonia Gandhi, chairperson of the Trust, declined the grant proposed in the budget. The budget was finally passed when the Finance Minister had agreed to reduce the proposed subsidy cut by 40%–30%. Rao's minority government survived one more crisis.

Dismantling Controls

The Government of India got standby loan of two billion–two hundred million dollars from the IMF. Simultaneously, the Government initiated a series of far-reaching economic measures that permitted multinational Corporations and companies to hold 51% of the stock of Indian subsidiaries, instead of the existing 40%. These measures made direct foreign investment possible in 34 major Indian industries, including transportation, food processing, tourism, and the manufacture of electrical equipment. The devaluation of the rupee encouraged the foreign investors and Indian exporters. The economic reform measures constituted an important step towards dismantling the stifling socialist controls on the economy.

Paradigm Shift

The transition from state controlled socialist economy to market-driven liberalized economy was a 'paradigm shift' in independent India. Sweeping changes had been made since July 1991. These changes covered industry, trade, tariff, investment, finance, and tax policies. The objectives of the new economic policy were the following: (1) to deregulate the economy, (2) to reduce the role of the public reactor, (3) to unleash private initiative and enterprise, (4) to accelerate economic growth, (5) to meet the challenges of global competitiveness, and (6) to ensure social justice and equity.

Economic Revolution

Prime Minister Narasimha Rao, Finance Minister Dr. Manmohan Singh, Commerce Minister P. Chidambaram, and the Commerce Secretary Dr. Montek Singh Ahluwalia, in their combined wisdom, inaugurated an incredible economic reform in the history of contemporary India. The middle of 1991 witnessed a plethora of economic changes of far-reaching consequences. The strangulating Monopolies and Restrictive Trade Practices (MRTP) Act was scrapped. Rupee was devalued by 20% in two steps (July 1991). The export subsidy was abolished since devaluation had rendered the subsidy redundant. The trade side of the Licence Raj was dismantled. Licences were replaced by a marketable incentive called Exim Scrips, which allowed exporters to earn foreign exchanges for part of the value of their export. This had removed bureaucrats from the process of export earnings, eliminated red tape, and reduced delays, hassles, and corruption. Thus, trade policy was dramatically liberalized. India opened up and moved towards a

market-determined exchange rate, "the most comprehensive structural reform in India's history".

In 1992, Exim scripts were abolished in favour of dual exchange rate, a better arrangement to curb further red tape and bureaucratic control. Similarly, the unified exchange rate was introduced to currency convertibility on the trade account. Following the lead given by Rajiv Gandhi, the industry side of the Licence Raj was dismantled and several industries were delicenced. More importantly, foreign investors were given a majority share in their Indian subsidiaries. It had opened everything except a small negative list relating to security and the environmental concerns. In effect, this had destroyed the Licence Raj. Tax reforms were introduced alongside industrial, trade, and foreign exchange changes.

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Achievements

The quartet of Rao, Manmohan, Chidambaram and Ahluwalia was responsible for the amazing economic achievements during 1991–93. Particularly Prime Minister Narasimha Rao was the key behind the reforms. He took tough decisions, provided political support, managed dissent, set up expert committees, which provided intellectual sustenance and legitimized reform measures, and, above all, secured cabinet clearance.

The major achievements of the economic reforms were the following: The Central Government's fiscal deficit came down from 8.4% of GDP in 1991 to 5.7% in 1993. Forex reserves shot up from \$1 billion to \$20 billion. Inflation came down to 6% from 13%. Industrial licensing was not only liberalized but also virtually abolished. Large industrial houses were liberated from the crippling control of the MRTP Act. The commanding height public sector monopoly was drastically restricted. Banking, airlines, electric power, petroleum, cellular phones, and similar sectors were opened up to private investment. Thirty-four industries and majority foreign ownership were granted 'automatic entry'. The Foreign Investment Promotion Board was set up to expedite speedily clearances. As a result, foreign investment began to double each year. Raw materials, essential components, and capital goods entered Indian market virtually free of restrictions. The cumulative result of the economic reforms was the dismantling of the complex and complicated import control regime. The initial years of Rao's regime were the best in India's economic life. The reforms created a sense of self-worth, confidence, and competitive capability. The historic achievements improved the economic image of India. "The economic revolution that Narasimha Rao launched in the middle of 1991 may well be more important than the political revolution that Jawaharlal Nehru initiated in 1947.

After-effects of New Economic Policy

The New Economic Policy paved the way for further efforts which aimed at augmenting the economic progress in India. However, some unanticipated events such as the 1997 Asian financial crisis and the consequent political uncertainty led to economic stagnation for a while. While the economic liberalization of India has

a plethora of impacts, some of which were positive and others negative, it is to be noted that the foreign investment in the country increased from a minuscule US$132 million in 1991–92 to $5.3 billion in 1995–96.

The election of A.B. Vajpayee as the Prime Minister in 1998 and his endeavours to speed economic progress was welcomed. Slowly and gradually, the interest of the West in India piqued and the former saw potential in India's brain power. By the end of Vajpayee's term as prime minister, a framework for the foreign investment had been established. Further, the government of Manmohan Singh in 2004 strengthened infrastructure to welcome the FDI. India recorded its highest GDP growth rate of 9.6 per cent in 2006. With this feat, India became the second fastest growing major economy in the world, next only to China. While the growth rate slowed significantly in the first half of 2012, an Organisation for Economic Co-operation and Development (OECD) report stated that the average growth rate 7.5% will double the average income in a decade, and more reforms would speed up the pace. The economy rebounded to 7.3% growth in 2014–15.

In 2015, the BJP-led NDA Government under Narendra Modi gave a boost to the insurance sector by allowing up to 49% FDI. Furthermore, on 1 July, 2017, the BJP-led NDA Government approved the Act to Uniform Goods and Services Tax (India). It was ratified seventeen years after the legislation was first proposed during the tenure of Prime Minister Atal Bihari Vajpayee. The GST led to a unified tax structure and reshaped the country's 2.5 trillion dollar economy.

Check Your Progress

1. Which were the two controversial proposals in the budget of 1991-92?
2. Who was responsible for the amazing economic achievements during 1991-93?

7.3 GLOBALIZATION, PRIVATISATION AND LIBERALISATION

The restructuring of the Indian economy in the 1990s was an outcome of the unprecedented economic crisis that occurred in the nation in 1991. This economic crisis may be called the balance of payment crisis. Before we go into detail about the restructuring of the Indian economy, it is necessary to understand the elements of the crisis. The crisis of 1991 was a complex external payments crisis with high fiscal and current account deficits, external borrowing to finance the deficits, rising debt service obligations, rising inflation and inadequate exchange rate adjustment. According to Bakul Dholakia, the major elements of the economic crisis were the deepening foreign exchange crisis, growing fiscal imbalances, increasing rate of inflation, the slackening of overall economic growth and the deceleration in industrial

growth. The immediate causes of the crisis were the Gulf crisis and the global recession. However, the root cause of the crisis was the structure of Indian economy itself.

Let us discuss some key factors that led to the severe economic crisis in 1991:

- **Decline in foreign exchange reserves:** There was a sharp decline in foreign exchange reserves from the level of ₹8,151 crores in March 1987 to ₹1,877 crores in early January 1991. While the standby IMF loan of ₹3,275 crores in the third week of January 1991 temporarily boosted our foreign exchange reserves, the declining trend in the foreign exchange reserves continued unabated during the subsequent period. Thus, the country's foreign exchange reserves dropped to the lowest level ever of ₹1,877 crores, which was barely enough to finance the country's imports for 13 days.
- **Increase in trade deficit:** Although the country always had a sizeable trade deficit during the 1980s, the level of trade deficit increased sharply during 1990-91 to cross the ₹10,000 crore mark for the first time in Indian economic history. Thus, the average level of trade deficit which used to be around ₹650 crores per month during 1988–89, it increased to around ₹900 crores per month in 1989–90.
- **Non-availability of credit:** There was a significant deterioration in India's credit rating. Standard and Poor (S&P) reduced India's credit rating to the speculative grade. Similarly, the Japanese Bond Research Institute (JBRI) and Moody’s Investors’ Service lowered India’s credit rating to the lowest level in the investment grade. This led to a decline in the availability of short-term credit even on relatively more stringent terms and conditions, thereby further accentuating the problem of financing the country's monthly import requirements.
- **Fiscal imbalance:** A high degree of fiscal imbalance emerged as another major problem facing the Indian economy especially after 1986. The latter half of the eighties had been marked not only by high and growing budget deficits, but also by attempts on the part of the government to create a surplus in the capital account to finance its revenue deficit. This unhealthy tendency of borrowing money to finance current consumption expenditure of the government reached an alarming proportion in 1990–91 when the revised estimates of revenue deficit turned out to be ₹17,585 crores, while the overall budget deficit was reported to be ₹10,772 crores, indicating a net surplus of ₹6,813 crores on capital account. Moreover, the fiscal deficit, which represents the actual difference between aggregate government expenditure and current revenue reached the highest ever level of ₹43,331 crores in 1990–91. Thus, in the year 1990–91, nearly two-fifths of the revenue deficit had been financed by capital account surplus and the size of overall fiscal deficit has turned out to be as high as 8.6 per cent of GDP.

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- **Decline in GDP growth rate:** The other major problems faced by the Indian economy especially during the years of the economic crisis were declining growth rates of GDP as well as industrial production and a rising rate of inflation. The Indian economy grew at an average rate of 5.5 per cent per annum during the period 1980 to 1989 as against the average rate of 3.5 per cent per annum during the previous three decades. However, the growth rate of GDP declined to 5.3 per cent in 1990–91 and to 1.4 per cent in 1991–92.
- **Decline in the growth rate of industrial production:** Similarly, the growth rate of industrial production also declined from 8.8 per cent in 1988–89 to around 7.5 per cent in 1990–91. Moreover, while the average rate of inflation during the period 1980 to 1989 was around 6.4 per cent per annum, this increased sharply to 11.3 per cent during 1990–91.
- **Rising cost of petrol:** The cost of petroleum imports in 1990–1991 increased by half to US $5.7 billion due to the crisis in the gulf in August 1990. The Gulf crisis in August 1990 also exposed the Middle East's strategic relevance for India. Along with the rising cost of petrol, the government also had to bear the additional weight of airlifting and rehabilitating 112,000 Indian workers from the Middle East. Remittances from the Middle East also declined because of the crisis in the gulf.
- **Deterioration of world economy:** The recession that was hitting the entire world during the time also contributed to deepening the economic crisis in India. World growth had come down to just 2.25 per cent in 1991 from 4.5 per cent in 1988. The growth of exports to the United States, which was India's largest market, turned negative in 1991. The conditions in the Soviet Union which was another major export destination for the country had also worsened. As a result, in 1990–1991, India's exports only grew by 4 per cent.
- **Unpleasant political conditions:** Finally, during the period of 1990–1991, India was also growing through a period of political instability, which added fuel to the economic crisis. The fragile National Front coalition led by V.P. Singh collapsed when the BJP withdrew its support. A new minority government led by Chandra Shekhar failed to pass the scheduled budget in February 1991 when it lost the Congress Party's external support. In May 1991, while campaigning for the general elections, former Prime Minister Rajiv Gandhi was assassinated.

Restructuring of the Indian Economy: The LPG Model

The economic crisis of 1991 generated huge pressures on Indian policy makers. It was felt that there was an urgent requirement for evaluating the existing model of the economy and modify it according to the present circumstances. International agencies especially IMF and the World Bank stressed that opening up the Indian

economy and undertaking 'structural adjustment programs' were the answer. Moreover, a new government was formed in India in July 1991 under the leadership of P.V. Narasimha Rao. He appointed Manmohan Singh, who was a professional economist, as his finance minister.

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The new Finance Minister was aware of the fact that in many countries the classical macro solution for a balance of payment crisis had led to a slowing of private investment and growth in the two years (and often for longer periods) following the macro adjustment. He was also inspired by the remarkable growth rates and poverty reduction achieved by the more open economies of Eastern Asia during the previous two decades. He felt that extensive decontrol and de-licensing was necessary to release the productive potential of Indian entrepreneurs, reduce the period of private investment and growth slowdown and raise the underlying growth rate of the Indian economy. He also recognized that the best way to put the Balance of Payments on a long-term sustainable path was through comprehensive liberalization of international trade, finance/capital inflows and the exchange regime. Thus, the government initiated the new economic reform model, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy grow faster and globally competitive. The series of reforms undertaken in the industrial, trade and the financial sector was aimed at making the economy more efficient. While announcing the new economic policy, the Finance Minister claimed the following advantages and objectives:

- The new economic policy will meet the crisis of balance of payments and fiscal deficits.
- It will release industries from the shackles of unnecessary controls and regulations which have become hurdles in the way of industrial growth.
- In light of the general trend towards globalization, the Indian economy cannot remain isolated and therefore has to be globalized to take advantage of global finances and technology.
- Indian industries will be subjected to market discipline both internally and externally.
- It will encourage large scale private foreign investment through incentives provided by budgetary and non-budgetary policies.
- Indian industries instead of remaining isolated, artificially protected and divided will now be obliged to become more competitive, cost conscious and efficient. The public sector which has proved to be a drain on the national resources as it has been incurring massive losses will get rationalized either through internal efficiency or by semi-privatization, i.e., participation of the private sector in its equities and management.
- India will be able to get long term and short term loans from the World Bank and the IMF to meet the balance of payment deficits and thus save itself from the humiliation of default.

- It shall be possible to mobilize large sums of money held by the NRIs and thus avoid dependence on the international financial system.
- A lot of black money can be mopped up through India Investment Bonds and investment in housing without any questions being asked about the sources of money.
- Inflation will be controlled by the introduction of fiscal reforms.

The major measures initiated as a part of the liberalization and globalization strategy included the following:

- **Devaluation:** The devaluation of the Rupee was undertaken in order to resolve the balance of payment crisis. The Rupee was devalued by 18–19 per cent against major currencies in the international foreign exchange market.
- **Disinvestment:** Under the privatization scheme, many of the public sector undertakings were/ are being sold to the private sector. However, the privatization of public sector units, especially profit making public sector units, has become controversial with many unions and political parties opposing the move.
- **Dismantling of the Industrial Licensing Regime:** At present, there are only six industries that are under compulsory licensing. This is mainly on account of environmental safety and strategic considerations. A significantly amended locational policy in tune with the liberalized licensing policy has also been put in place. Under the new guidelines, no industrial approval is required from the government for locations not falling within 25 kms of the periphery of cities having a population of more than one million.
- **Allowing Foreign Direct Investment (FDI):** Under the LPG model, FDI was allowed across a wide spectrum of industry. Some of the recent initiatives taken to further liberalize the FDI regime, include the opening up of sectors such as Insurance (up to 26 per cent); development of integrated townships (up to 100 per cent); defense industry (up to 26 per cent); tea plantation (up to 100 per cent subject to divestment of 26 per cent within five years to FDI); enhancement of FDI limits in private sector banking, allowing FDI up to 100 per cent under the automatic route for most manufacturing activities in SEZs; opening up B2B e-commerce; Internet Service Providers (ISPs) without Gateways; electronic mail and voice mail to 100 per cent foreign investment subject to 26 per cent divestment condition; etc.
- **Non Resident Indian Scheme:** Under the new policy**,** the general policy and facilities for foreign direct investment which are available to foreign investors/companies are fully applicable to Non Resident Indians (NRIs) as well. Along with this, the government has extended some concessions for NRIs and overseas corporate bodies having more than 60 per cent stake by NRIs.

- **Throwing Open Industries Reserved For the Public Sector to Private Participation:** The Industrial Policy Resolution, 1956 had listed 17 industries under the sole domain of the state where the private sector was not allowed to operate. However, as a consequence of economic reforms most of the industries have been opened to private players. As present, there are only three industries reserved for the public sector. The three industries are defense aircrafts and warships, atomic energy generation and railway transport.
- **Abolition of the MRTP Act:** The MRTP act was considered a major instrument of the license, quota and permit raj in India. This act was subject to severe criticism on the grounds that big business houses were unable to start new enterprises because of the ceiling on asset ownership prescribed by the act. In case a business house had assets of more than ₹100 crores, its application after scrutiny by the MRTP Commission was rejected. It was believed that on account of the rise in prices this limit had become outdated and needed a review. The second objection by the private sector lobby was that it prevented big industrial houses from investing in heavy industry and infrastructure, which required lump sum investment. In order that the big business could be enthused to enter the core sectors like heavy industry, infrastructure, petrochemicals, electronics, etc., with big projects, the MRTP Act was scrapped.
- **Reduction of Import Duties:** After the new economic model was introduced in 1991 there has been a considerable reduction in import duties. This reduction in import duties and the extension of MODVAT credit on taxes paid on inputs have been important measures for improving efficiency of the tax system. By 1990, import duties were 300 per cent or more for several items and above 200 per cent for many items. Peak rates were progressively reduced during the 1990s to reach around 35 per cent in 2001–02. The median tariff rate was brought down to 25 per cent in the 2003–04 budget. Besides this, the government has attempted to rapidly dismantle quantitative restriction on imports and exports. It has also undertaken the adjustment of the exchange rate so as to remove the over-valuation of currency. This has helped in stepping up exports.
- **Convertibility of Rupee:** The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention. India achieved full convertibility on its current account in August 1994. Current account convertibility means the freedom to buy or sell foreign exchange for transactions. These transactions include all payments due in connection with foreign trade, other current account business, including services and normal short term banking and credit facilities, payment due as interest on loans and as net income from other investments, payment of moderate amount of amortization of loans or for

depreciation of direct investment and moderate remittances for family living expenses.

Certain steps towards full convertibility on capital account have also been taken. The steps include allowing authorised dealers to invest abroad their unimpaired tier1 capital. These authorized dealers have also been delegated powers to release exchanges for the opening of offices abroad. Banks fulfilling certain criteria have been permitted to import gold for release in India. Resident individuals and listed companies have been permitted to invest in overseas companies listed on a recognized stock exchange. The limit on banks investment from/in overseas market has been raised. Indian companies are now allowed to access ADR/GDR markets through an automatic route; moreover, Indian companies with a proven track record are allowed to invest up to100 per cent of their net worth in foreign entities. ADs are allowed to issue international credit cards, NRIs are allowed to remit up to U.S. $1 million per calendar year out of their non-resident ordinary accounts/sale proceeds of assets and so on.

- **Wide-ranging financial sector reforms-** After the new economic policy started being implemented from 1991, there have been wide ranging financial sectors reforms in banking, capital markets, and insurance. These include deregulating interest rates, having a strong regulation and supervisory system in place and introducing foreign as well as private sector competition.
- **Other Measures:** Many other reform measures have been announced from time to time. For instance, foreign companies have now been allowed to use their trademarks in India and carry on any activity in trading, commerce and industry; the repatriation of profits by foreign companies has also been allowed. Foreign companies, other than in those in banking, who want to borrow money or accept deposits are now allowed to do so without taking the permission of the RBI. Foreign companies can also now deal in immovable property in India. Moreover, restrictions on transfer of shares from one non-resident to another non-resident have been removed and reputed Foreign Institutional Investors (FIIs) have been allowed to invest in the Indian capital market subject to certain conditions. All these initiatives are supposed to integrate the Indian economy with the world economy.

Check Your Progress

3. What were the immediate causes of the economic crisis of 1991?
4. What is LPG model?
5. What is the most important measure for integrating the economy of any country?

7.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

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1. The budget for 1991–92, presented by the Finance Minister, contained two controversial proposals. (1) Withdrawal of subsidies on fertilizer and (2) a grant of ₹100 crores, spread over 5 years, to the Rajiv Gandhi Foundation.
2. The quartet of Rao, Manmohan, Chidambaram and Ahluwalia was responsible for the amazing economic achievements during 1991–93.
3. The immediate causes of the economic crisis of 1991 were the Gulf crisis and the global recession.
4. LPG model was an economic reform model popularly known as Liberalization, Privatization and Globalization aimed at making the Indian economy grow faster and globally competitive.
5. The most important measure for integrating the economy of any country is to make its currency fully convertible, i.e., allowing it to determine its own exchange rate in the international market without any official intervention.

7.5 SUMMARY

- P.V. Narasimha Rao, leader of the single largest Congress Party, was able to form the Ministry by himself. He was the first Prime Minister from the South and well-versed in Hindi.
- Rao's Government faced the worst ever economic crisis since independence. The crisis had been simmering from the mid-1980s, ever since the successive governments, instead of managing macro-economy, were relying heavily on domestic and foreign borrowings.
- Dr. Manmohan Singh, Finance Minister, rose up to the occasion and decided to take the bull of economic crisis by its horns. Dr. Singh, a Congress outsider, had an enviable academic track record and enriched experience as Secretary General in the South-South Commission and he had inside knowledge of the international financial institutions. His priority was to correct major distortions and deficiencies in the economic system.
- Dr. Manmohan Singh embarked on the course of Liberalization, Competition, and Globalization.
- The finance minister, Dr. Manmohan Singh, directed the Reserve Bank of India (RBI) to reduce the value of the rupee by 83% at one stroke and then another dose of devaluation by 11.3%.
- The Finance Minister also formulated a scheme for bringing down the deficit by drastically cutting subsidies on food, fertilizer, and petrol, etc. Dr. Singh

was "valiantly struggling to keep the sinking economy afloat". Manmohanamics saved the situation.

- The Government of India got standby loan of two billion–two hundred million dollars from the IMF. Simultaneously, the Government initiated a series of far-reaching economic measures that permitted multinational Corporations and companies to hold 51% of the stock of Indian subsidiaries, instead of the existing 40%. These measures made direct foreign investment possible in 34 major Indian industries, including transportation, food processing, tourism, and the manufacture of electrical equipment.
- The transition from state controlled socialist economy to market-driven liberalized economy was a 'paradigm shift' in independent India. Sweeping changes had been made since July 1991. These changes covered industry, trade, tariff, investment, finance, and tax policies.
- The objectives of the new economic policy were the following: (1) to deregulate the economy, (2) to reduce the role of the public reactor, (3) to unleash private initiative and enterprise, (4) to accelerate economic growth, (5) to meet the challenges of global competitiveness, and (6) to ensure social justice and equity.
- The middle of 1991 witnessed a plethora of economic changes of far-reaching consequences. The strangulating Monopolies and Restrictive Trade Practices (MRTP) Act was scrapped. Rupee was devalued by 20% in two steps (July 1991). The export subsidy was abolished since devaluation had rendered the subsidy redundant. The trade side of the Licence Raj was dismantled.
- In 1992, Exim scripts were abolished in favour of dual exchange rate, a better arrangement to curb further red tape and bureaucratic control. Similarly, the unified exchange rate was introduced to currency convertibility on the trade account.
- The quartet of Rao, Manmohan, Chidambaram and Ahluwalia was responsible for the amazing economic achievements during 1991–93. Particularly Prime Minister Narasimha Rao was the key behind the reforms. He took tough decisions, provided political support, managed dissent, set up expert committees, which provided intellectual sustenance and legitimized reform measures, and, above all, secured cabinet clearance.
- The New Economic Policy paved the way for further efforts which aimed at augmenting the economic progress in India. However, some unanticipated events such as the 1997 Asian financial crisis and the consequent political uncertainty led to economic stagnation for a while.
- The election of A.B. Vajpayee as the Prime Minister in 1998 and his endeavours to speed economic progress was welcomed. Slowly and gradually, the interest of the West in India piqued and the former saw potential

in India's brain power. By the end of Vajpayee's term as prime minister, a framework for the foreign investment had been established.

- India recorded its highest GDP growth rate of 9.6 per cent in 2006. With this feat, India became the second fastest growing major economy in the world, next only to China.
- In 2015, the BJP-led NDA Government under Narendra Modi gave a boost to the insurance sector by allowing up to 49% FDI. Furthermore, on 1 July, 2017, the BJP-led NDA Government approved the Act to Uniform Goods and Services Tax (India).
- The restructuring of the Indian economy in the 1990s was an outcome of the unprecedented economic crisis that occurred in the nation in 1991. This economic crisis may be called the balance of payment crisis.
- The crisis of 1991 was a complex external payments crisis with high fiscal and current account deficits, external borrowing to finance the deficits, rising debt service obligations, rising inflation and inadequate exchange rate adjustment.
- There was a significant deterioration in India's credit rating. Standard and Poor (S&P) reduced India's credit rating to the speculative grade. Similarly, the Japanese Bond Research Institute (JBRI) and Moody's Investors' Service lowered India's credit rating to the lowest level in the investment grade. This led to a decline in the availability of short-term credit even on relatively more stringent terms and conditions.
- A high degree of fiscal imbalance emerged as another major problem facing the Indian economy especially after 1986. The latter half of the eighties had been marked not only by high and growing budget deficits, but also by attempts on the part of the government to create a surplus in the capital account to finance its revenue deficit.
- The other major problems faced by the Indian economy especially during the years of the economic crisis were declining growth rates of GDP as well as industrial production and a rising rate of inflation.
- International agencies especially IMF and the World Bank stressed that opening up the Indian economy and undertaking 'structural adjustment programs' were the answer. Moreover, a new government was formed in India in July 1991 under the leadership of P.V. Narasimha Rao. He appointed Manmohan Singh, who was a professional economist, as his finance minister.
- Dr. Manmohan Singh felt that extensive decontrol and de-licensing was necessary to release the productive potential of Indian entrepreneurs, reduce the period of private investment and growth slowdown and raise the underlying growth rate of the Indian economy. He also recognized that the best way to put the Balance of Payments on a long-term sustainable path was through comprehensive liberalization of international trade, finance/capital inflows and the exchange regime.

- The government initiated the new economic reform model, popularly known as Liberalization, Privatization and Globalization (LPG model) aimed at making the Indian economy grow faster and globally competitive. The series of reforms undertaken in the industrial, trade and the financial sector was aimed at making the economy more efficient.
- The major measures initiated as a part of the liberalization and globalization strategy included the following: devaluation, disinvestment, dismantling of the industrial licensing regime, allowing foreign direct investment (FDI), non-resident Indian scheme, throwing open industries reserved for the public sector to private participation, abolition of the MRTP act, reduction of import duties, convertibility of rupee, wide-ranging financial sector reforms and other measures.
- Under the privatization scheme, many of the public sector undertakings were/ are being sold to the private sector. However, the privatization of public sector units, especially profit making public sector units, has become controversial with many unions and political parties opposing the move.
- Under the LPG model, FDI was allowed across a wide spectrum of industry. Some of the recent initiatives taken to further liberalize the FDI regime, include the opening up of sectors such as Insurance (up to 26 per cent); development of integrated townships (up to 100 per cent); defense industry (up to 26 per cent); tea plantation (up to 100 per cent subject to divestment of 26 per cent within five years to FDI); enhancement of FDI limits in private sector banking, allowing FDI up to 100 per cent under the automatic route for most manufacturing activities in SEZs; opening up B2B e-commerce; Internet Service Providers (ISPs) without Gateways; electronic mail and voice mail to 100 per cent foreign investment subject to 26 per cent divestment condition; etc.
- The MRTP act was considered a major instrument of the license, quota and permit raj in India. This act was subject to severe criticism on the grounds that big business houses were unable to start new enterprises because of the ceiling on asset ownership prescribed by the act. In case a business house had assets of more than ₹100 crores, its application after scrutiny by the MRTP Commission was rejected.

7.6 KEY WORDS

- **Devaluation:** It is the reduction in the official value of a currency in relation to other currencies.
- **Disinvestment:** It is the withdrawal or reduction of an investment.

7.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

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Short-Answer Questions

1. What were the objectives of the new economic policy?
2. How did the devaluation of rupee help the economy?
3. What do you mean by Liberalization, Privatization and Globalization?
4. Which advantages and objectives were claimed by the Finance Minister while announcing the new economic policy?

Long-Answer Questions

1. What were the economic reforms of Dr. Manmohan Singh? Explain.
2. Describe the major achievements of the economic reforms.
3. 'The economic crisis of 1991 may be called the balance of payment crisis.' Explain.
4. Analyse the factors that led to the economic crisis in 1991.
5. Discuss the major measures initiated as a part of the liberalization and globalization strategy.

7.8 FURTHER READINGS

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UNIT 8 EMERGENCE OF THE BJP

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Structure

8.0 Introduction
8.1 Objectives
8.2 Atal Bihari Vajpayee and his Developmental Programmes
  8.2.1 Thirteenth Lok Sabha Elections
8.3 Answers to Check Your Progress Questions
8.4 Summary
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8.7 Further Readings

8.0 INTRODUCTION

Bhartiya Janta Party, BJP, was officially formed in 1980, under the political guidance and leadership of Atal Bihari Vajpayee and L.K. Advani. Thye both were members of the Bharatiya Jana Sangh (BJS), the political wing of the Rashtriya Swayamsevak Sangh (RSS). The BJP came to power at the Centre, by forming a coalition of parties called the National Democratic Alliance (NDA) from 1998 to 2004. Atal Bihari Vajpayee became the Prime Minister and led India to a formidable position in the world by conducting nuclear tests at Pokhran. He was the leader behind the Bus diplomacy, February 1999 and the success of the Kargil War in 1999. In this unit, we will study about the various developments made by the Atal Bihari Vajpayee government during the period 1998-2004.

8.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the rise of the BJP
- Explain the developments made by the Atal Bihari Vajpayee government
- Discuss the various aspects of the Kargil War, 1999

8.2 ATAL BIHARI VAJPAYEE AND HIS DEVELOPMENTAL PROGRAMMES

Elections for the 11th Lok Sabha were conducted in 1996; the opposition party BJP emerged as the single-largest party. Like the 1991 elections, this Lok Sabha also did not have any party with a simple majority. BJP leader Atal Bihar Vajpayee was appointed as the Prime Minister but his government lasted only for 13 days.

Regional parties including Janata Dal formed an alliance called United Front and they formed the government under the leadership of Deva Gowda, and later I.K. Gujral, with the help of congress. United front government fell within 2 years.

12th Lok Sabha Election Results

After the fall of United Front Government, elections were conducted for the 12th Lok Sabha. The disillusioned electorate once again voted for a hung Parliament for the fourth successive time. No party was in a position to form the government on its own. The BJP emerged as the single largest party with 182 seats and the Congress with 141 seats. For the first time, the BJP coalition overtook the Congress combine. The BJP and its allies secured 250 seats as against the Congress and allies with 166 seats.

Cabinet formation

Atal Bihari Vajpayee formed his coalition government on 19 March 1998. A coalition Prime Minister is a captive Prime Minister. He can neither 'wield his power nor exercise his prerogative. Prime Minister Atal Bihari Vajpayee was no exception. As head of a disparate and desperate coalition, he found it extremely difficult to choose his cabinet colleagues. He was hamstrung by pulls, pressures, and demands from allies.' Similarly, he had to placate Jayalalithaa of AIDMK, Mamata Banerjee of Trinamool Congress, and other minor parties and independents. Above all, Vajpayee had to honour the commands of the RSS. The Prime Minister could neither fill the vacancies in the Cabinet nor expand it; so he postponed cabinet expansion. Being a creature of circumstances, Prime Minister Vajpayee was one among equals but was not the first among them.

Pokhran II Tests: 'Operation Shakti'

The Pokhran-II tests were conducted by India at the Indian Army's Pokhran Test Range in May 1998. The tests were a series of five nuclear bomb test explosions.

- **Five Explosions**

On 11 and 13 May 1998, three simultaneous nuclear explosions rocked the desert sands of Pokhran Test Range in the Rajasthan desert. Two days later, two more tests were conducted. The nuclear tests were codenamed Operation Shakti. The efforts to build the bombs and to conduct the tests were kept as closely guarded secret. The world was taken by surprise and felt the shock waves when India conducted five nuclear tests in succession in the summer of 1998.

- **Reaction**

The Pokhran II nuclear tests were followed by a series of strong reactions from around the world. The reaction from the USA and the West was hostile. Other Scandinavian countries and countries like Japan, Australia, and Canada ordered sanctions on India. China was upset because India claimed to have conducted the

tests because of the security threat emanating from Beijing. Pakistan responded by claiming that it had detonated six nuclear explosions on 28 and 30 May—one more than what India did. Islamabad continued its missile testing in competition with India.

Bus Diplomacy, February 1999

The relationship between India and Pakistan degenerated from bad to worse ever since both countries conducted nuclear tests in May 1998. When the Prime Minister of India and Pakistan met in September 1998 in New York, on the sidelines of the U.N. General Assembly session, they had agreed to initiate Confidence Building Measures (CBMs) including a regular bus service between Delhi and Lahore. On 20 February, 1999, Prime Minister Vajpayee inaugurated the much publicized historic bus service from New Delhi to Lahore. He himself travelled in the bus. In India, it was hailed as 'Vajpayee's master-stroke'. There was nationwide euphoria.

The Lahore Declaration

Prime Minister Vajpayee, accompanied by several important personalities from different walks of life, went to Lahore and held talks with his counterpart, Nawaz Sharif. At the summit level talks, the two Prime Ministers signed the famous Lahore Declaration. The Declaration highlighted a vision of peace and stability between the two countries and of progress and prosperity for their peoples, reiterated the determination to implementing the Simla Agreement in letter and spirit, and underlined their commitment to the principles of the U.N. Charter and the objectives of universal disarmament and non-proliferation. In short, the Lahore Declaration contained noble ideals of friendship, cooperation, and good neighbourliness. The landmark Declaration marked a new chapter in bilateral ties, demonstrated commendable determination to tread a new path of reconciliation, and a shot in the arm of positive bilateral relations. International community was appreciative of the Lahore Declarations.

Fall of the Vajpayee Government

One of the allies of BJP, AIADMK withdrew support to Vajpayee government because of unmet demands (to dissolve the DMK government in Tamil Nadu under the leadership of M. Karunanidhi). On 17 April 1999, the Vajpayee Government fell, defeated by one vote in the cliff-hanger no-confidence motion in the Lok Sabha. Vajpayee government recommended dissolution of the Lok Sabha and ordered general elections for the 13th Lok Sabha.

The Kargil War, May 1999 - 'Operation Vijay'

The Kargil War was an armed conflict fought between India and Pakistan from May to July of 1999 in the Kargil district of Kashmir.

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- **Pak Incursion**

Pakistan Army was clandestinely intruding into Indian Territory of Kargil. Pakistan was obviously planning for the infiltration while the draft for the Lahore Declaration was being prepared. The Indian Army came to know of the intrusion only on 5 May 1999. On 12 May, the army realized that the incursion was far more serious that it had assumed. By 18 May, the army claimed that it had neutralized the infiltrators in Batalik area north-east of Kargil and moved to clear them from the rest of the heights.

- **Repulsed**

Having realized that Pakistan infiltrators were lodged in, Kargil-Drass-Batalik sectors, Indian Army swung to action. The battle was fought at the height of 18,000 feet, with 60 degree slopes, under the inhospitable winter temperatures of –40 degrees centigrade. Indian Air Force surprised the infiltrators by its precision air strikes (26 May). As causalities mounted, Indian army halted the missions (31 May). After sufficient troops and logistics were built up, the Army launched major offensives in Kargil and Drass sectors. These were accompanied by air strikes (6 June). Army captured Tiger Hill from intruders (4 July). Pakistan infiltrators started retreating from Kargil. Indian Army recaptured key posts at Batalik. India set deadline on 16 July for total withdrawal (11 July). Nawaz Sharif announced pull out of his troops from Kargil and proposed peace talks with Vajpayee (12 July). Proud Prime Minister Vajpayee declared Operation Vijay a success (14 July). The two-month war was over.

- **Rare Courage**

The audacious dare-devil Pakistan Plan, executed by General Parwez Musharraf, caught the Indian Army by surprise. Though surprised by the Pak brinkmanship, V.P. Malik, Chief of Army Staff, responded to the challenge with rare courage and defeated the enemy decisively. The Indian Army defended 150 km of the world's most adverse battlefield under intensely bitter winter conditions. The initial intelligence failure was more than compensated.

- **Casualties**

During the course of the War, Indian MIG-27 was blown up and Fl. Lt. K. Nachiketa was taken prisoner-of-war (POW). Another MIG 21, on a rescue mission, was shot down and Sqn. Ldn. Ajay Ahuja was killed in action (27 May). A Mi-17 helicopter was shot down and its four-men crew was killed. Defence Minister George Fernandez added insult to injury when he said Nawaz Sharif and ISI had no hand in Kargil operations (28 May). Similarly, as casualities were mounting, Prime Minister Vajpayee underplayed the scale of war by observing that there was 'war-like situation' in Kargil (31 May). Again Fernandes rubbed salt on the wound when he offered 'safe-passage' to intruders (1 June). In all, the Kargil War was waged for 74 days over a 150 km length of battlefield along the

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Line of Control (LaC). Both sides suffered heavy causalities. Four hundred and seven Indian soldiers were killed, 584 injured, and 6 missing. On the Pakistan side, 696 soldiers were killed. The total cost of the war was ₹ 1,110 crores. The unprovoked fourth Indo-Pak War (1947–48, 1965, 1971, and 1999) was a qualified triumph and success.

8.2.1 Thirteenth Lok Sabha Elections

The 13th Lok Sabha elections were held under the spell of the Kargil War. The BJP cleverly capitalized the mood of the nation, which was elated by the victory of the war. It linked itself to the victory celebrations, constantly praising the bravery of the jawans. Vajpayee, the tallest BJP leader, was projected as the prime ministerial candidate. He diplomatically pushed aside contentious issues like Ram Mandir, Swadeshi, Article 370, etc., and talked about development, stability, security, and strong state. Though the BJP issued a separate manifesto, it fought the election with its allies on a common manifesto. The dedicated RSS shakhas and Sangh Parivar loyalists worked for the BJP candidates. Dravidian parties like DMK, MDMK, and other secular parties like PMK, TDP, Trinamool Congress, Samata Party, and others were too willing to join the bandwagon of the National Democratic Alliance (NDA) led by BJP.

Election Results

The election extended over 5 phases. BJP's vote share was no different from that of the 12th Lok Sabha. The big losses of BJP in U.P and Karnataka were compensated by its improved performance in Rajasthan. BJP got more seats primarily because it had more electoral allies. On the other hand, Congress sunk along with its principal allies AIADMK and Rashtriya Janata Dal! BJP emerged as the single largest party with 182 seats; with its allies, its tally was 304 seats.

The Mandate, 1999

The 13th Lok Sabha elections delivered a clear mandate in favour of Vajpayee and his coalition government. The electoral verdict was unambiguous. The electorate had given Vajpayee his third chance to govern the country. People expected him to take bold decisions on the economic and political fronts rather than squander his opportunity cajoling his allies. The nous of responsibility rested squarely on him to prove beyond doubt that he was an able Prime Minister capable of giving a stable government. The mandate for the NDA partners was not to ignore the power of the electorate. Misusing the mandate in favour of individual blackmail will be punished by the sovereign political masters in the next election. Vajpayee government had to cope with recalcitrant elements within its ranks. It must be service-oriented instead of power-dominated. The task of governance after 6 months of policy paralysis and 6 weeks of continuous campaigning was inescapable.

The 1999 electoral mandate was for (1) pushing through radical economic reforms, (2) for offering an innovative and brave reduction of the fiscal deficit, (3) for a pragmatic programme for disinvestment in public sector undertakings along with bold labour reforms, (4) for specific target-oriented infrastructure development, (5) for time-bound plan to attract foreign investment and to generate employment to empower common man, and (6) for positive, peaceful, and productive relations with foreign and neighbouring countries. In short, the three-pronged objective of the mandate was to live up to the lofty pre-poll promises, to stem the root of government finances, and to fuel the growth rate of the economy further. The taste of NDA Government pudding lied in the eating of its performance.

Pope's Visit, November 1999

Well before the dawn of the 21st century, Pope John Paul II arrived in Delhi on 5 November 1999. He bears the unique status of being both religions leader of the Catholic Church and temporal head of the Vatican City. He visited India as a head of state as of a spiritual leader. But his visit caused commotion. The Vishwa Hindu Parishad (VHP) protested against the Pope's visit demanding that the Pope should apologize for the inquisition in Goa from the 16th Century onwards; he should curb missionary activities in India; and state that 'all religions are equal and Christianity is not the only path of salvation'. The VHP reaction to Pope's visit to India was perceived to be crossing the line of decency, courtesy, and tolerance. The Hindutva outfit had every right to hold an opinion and express it before the Pope, but the way in which it was demonstrated was despicable.

Plane Hijacked, December 1999

In the last month of the 20th century, on 25 December, 1999, an Indian Airlines Airbus IC-SI4 flight from Kathmandu (Nepal) to New Delhi, with 189 passengers on board, was hijacked by five Taliban terrorists. The plane was then taken to Taliban controlled Kandahar in Afghanistan. The hijackers demanded the release of three of the hardcore terrorists from Indian prisons. The passengers and the crew were kept in hostage for seven days. The BJP-led NDA Government released the three terrorists. Foreign Minister Jaswant Singh accompanied the terrorists and handed them over to the Talibans and got the passengers and the crew released. One of the terrorists released, Maulana Masood Azhar, the founder of the Jaish-e-Mohammad, was responsible for the Srinagar Assembly blast. Subsequently, he vowed to recruit half a million men to fight Indian rule in Kashmir.

The New Millennium

The NDA Government, headed by Atal Bihari Vajpayee, was on the threshold of the Second Millennium and the birth of the 21st century. India was in a stage of flex on the crossroads facing the problems of the present and the challenges of the future. Prime Minister Vajpayee got the mandate to govern the country after 6

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months of policy paralysis and governmental inaction. He had the golden opportunity to fulfill his poll-promises by ensuring 'a firm and fair administration' and 'faster economic growth', as promised. The expectations were high. Vajpayee's 25-party coalition government was quantitatively and qualitatively better suited for reforms. Finance Minister, Yashwant Sinha, ably supported by Prime Minister Vajpayee unfolded an ambitious agenda of economic reforms to respond to the challenges of the 2151 century. It is strange irony of history that "the millennium will be ushered in by a government led by a party that for years seemed to be more interested in reviving and avenging the past than in heralding the future".

India 2000 A.D

India entered the new century with a positive note without any Y2K (problems emerging in any of the critical sectors like power, telecommunications, and civil aviation, etc., as feared and anticipated). The K. Subramaniam Committee probing 'intelligence failure' which led to the Pak incursions in the Kargil sector in April 1999 submitted its report, confirming colossal intelligence failure (7 January). President K.R. Narayanan addressed the nation on the eve of the Golden Jubilee of the Indian Republic, cautioning people against social and economic disparities (25 January). Government announced setting up of an 11-Member Constitution Review Commission to be chaired by Justice M.N. Venkatachaliah (13 February). Union Cabinet approved 3 Bills for creation of new States of Jharkhand, Uttaranchal, and Chhattisgarh out of Bihar, UP, and MP, respectively (13 May). Prime Minister Vajpayee went to New York to participate in the Millennium Summit (7 September). The Cauvery dispute got hot; Tamil Nadu filed petition in the Supreme Court against Karnataka Chief Minister S.M. Krishna (8 October); Supreme Court took a very serious view of S.M. Krishna's defiance of its order on releasing Cauvery waters (24 October); and Karnataka decided to release Cauvery water to Tamil Nadu (27 October).

Constitutional Review Commission, 2000

On 22 February, 2000, the NDA Government set up by a resolution the National Commission to review the working of the Constitution. The Review Commission was headed by M.N. Venkatachaliah, the former Chief Justice of India. The 11-member Venkatachaliah Commission was required to examine, in the light of the experience of the past 50 years, as to how far the existing provisions of the Constitution were capable of responding to the needs of efficient, smooth, and effective system of governance and socioeconomic development of modern India and recommend changes, if any. The Commission clarified that it was to review the working of the Constitution and not to rewrite and to recommend changes to be made in the Constitution within the framework of Parliamentary Democracy and without interfering with the 'basic structure' or 'basic features' of the Constitution.

The Venkatachaliah Commission examined the following 10 areas: (1) Strengthening of the institutions of parliamentary democracy, (2) Electoral reforms, (3) Pace of socioeconomic change and development, (4) Promoting literacy and ensuring social security, (5) Centre–State relations, (6) Decentralisation and strengthening of Panchayat Raj, (7) Enlargement of Fundamental Rights, (8) Effectuation of fundamental duties, (9) Enforcement of Directive Principles, and (10) Legal control of fiscal and monitory policies.

After 2 years of public debate, circulation of panel papers to political parties, trade unions, representative bodies, academicians, research institutes, bar associations, the media, nongovernmental organizations, consumer groups and constitutional bodies like National Human Rights Commission, etc. was done; the Commission submitted its 2-volume Report to the NDA Government on 31 March 2002. The 1,979 page Report contains 249 recommendations; of them, 58 involve constitutional amendments, 86 about legislative measures, and the remaining to be implemented through executive action.

The Venkatachaliah Constitutional Review Commission, however, did not take a position on the following: (1) the eligibility of 'non-Indian born citizens' or those whose parents or grandparents were citizens of India to hold high constitutional offices like the President and Prime Minister, etc., (2) a Uniform Civil Code, (3) the idea of state funding of elections, and (4) prescribing a minimum of 50% plus one vote in elections.

Terrorist Attack on Parliament, December 2001

India was the target of terrorist attack in the second half of 2001. On October 2001, Jammu and Kashmir Assembly was subjected to suicide squad attack, in which 40 civilians had been killed. Earlier in December 2000, Lashkar-e-Taiba militants had successfully breached the fortified Red Fort in Delhi. On 13 December, 2001, the terrorists attacked the Parliament House. On that fateful day, both Houses of Parliament had been adjourned within minutes of meeting when the opposition stalled proceedings over the' Kargil Coffin Scam'. Several ministers and MPs were in the Central Hall when the attack was carried out.

There was pitched gun battle between the security personnel and five members of a suicide squad (fidaheen) who had stormed the country's most well-protected area. In the encounter, all the five terrorists had been shot dead; as many as a security personnel and a gardener lost their lives and about a dozen others sustained injuries. The attack was described as the most audacious and alarming act of terrorism. The attack on the citadel of India's democracy shook the confidence of the nation. Though the security personnel were rightly praised for foiling the terrorists from sneaking inside the Parliament House; one wondered whether the attack was the result of security lapse.

Prevention of Terrorism Act (POTA), March, 2002

Following the terror strike on the twin towers of the World Trade Centre in New York on 11 September, 2001, America unleashed 'war against terror'. Like many other governments across the world, the NDA Government led by Vajpayee was too willing to join the 'War against terror' spearheaded by us. The terrorist attack on the Parliament on 13 December, 2001 perhaps prompted Vajpayee Government to join the American crusade against jeltadi Islam. The Government decided to follow a two-pronged attack on terrorism: (1) The Vajpayee Government ordered the biggest and the longest mobilization of the armed forces along the Line of Control in Jammu and Kashmir as well as the international borders of the Punjab and Rajasthan, major mobilization since Independence, and (2) armed itself with additional powers needed to fight and defeat terrorists.

Electing the President and Vice-President, 2002

President K.R. Narayanan's five-year term came to a close on 24 July 2002. The Election Commission announced the schedule for the next presidential poll. The names of Vice-President Krishna Kant, the Maharashtra Governor P.C. Alexander, the missile scientist Abdul Kalam, and the Veteran INA freedom fighter Captain Lakshmi Sahgal were considered for the highest office in the Indian Republic. Finally, Abdul Kalam, supported by the ruling NDA, the Congress, the Telugu Desam Party, the Samajwadi Party, and AIADMK, and Captain Lakshmi Sahgal backed by the Communist parties and the Janata Dal (Secular) contested the election. On 18 July 2002, Abdul Kalam won the election with an over-whelming majority of electoral votes. He was sworn in as the 13th President on 25 July 2002.

The contest for the Vice-President's post was between the former Chief Minister of Rajasthan Bhairon Singh Shekhawat and the Dalit leader and a congressman Sushil Kumar Shinde. The former was supported by the NDA and the later was backed by the opposition parties. On 12 August, 2002, Shekhawat was declared elected. He was sworn in as the 11th Vice-President of India.

Sarva Shiksha Abhiyan (SSA)

Universalisation of elementary education is the constitutional objective and a directive principle. In 1993, Supreme Court declared education a fundamental right for all Indians aged between 6 to 14 years. The Bill making education, a fundamental right was introduced in the Rajya Sabha by the United Front Government in 1997. The Government had set for itself the year 2005 to achieve this ambitions target. The Sarva Shiksha Abhiyan (SSA) Scheme was introduced in 2002 with the twin objectives of universal education and universal retention. The SSA sought to enroll all eligible children in school by 2003; all such children complete 5 years of primary education by 2007; 8 years of schooling by 2010;

bridge all gender and social category gaps at the primary stage by 2007; and at the elementary education level by 2010. With this end in view, the NDA Government wanted to achieve its first target of having all children in the age group of 6 to 14 years in school by the end of 2003! The states were expected to bear 25% of the expenditure incurred by the SSA during the 10-plan period.

The Text Book Controversy

The new National Curriculum Framework for School Education (NCFSE) was introduced in April 2002. The curriculum controversy became acute and acrimonious. A public interest litigation (PIL) against the NCFSE was filed in the Supreme Court. A section of the academic community objected to the new curriculum on the ground that it was an attempt to 'saffronise' education, prepared by the National Council of Educational Research and Training (NCERT). Contrary to the constitutional mandate, both the choice of writers and the changes in historical accounts were partial and prejudicial, and more important, it had not been endorsed by the Central Advisory Board of Education (CABE). Though the apex court at first granted an interim stay on the petition, and later in mid-September 2002, the Court dismissed it. Nevertheless, most of the States under opposition rule refused to accept the NCFSE. Even TDP-ruled Andhra Pradesh expressed reservation about the revised curriculum. The education ministry was more interested in imposing its 'saffron education' than building a consensus for national education system. It was reluctant to convene a State Education Ministers' Conference. More than that, it refused to reconstitute CABE, which had been the pivotal advisory body.

National Institutes of Technology

The NDA Government successfully executed its well-considered plan of converting all the 17 Regional Engineering Colleges (RECs) across the country into National Institutes of Technology (NITs) and granting them deemed to be university status. The Centre came forward to bear the entire financial burden, besides giving 'full autonomy' to them in academic and administrative matters. All States that had RECs fell in line with the Centre's proposal and introduced it within a year. This reform in technical education was needed to meet the increasing demand for technical manpower and research and development personnel of the standard of a product of the country's premier Indian Institutes of Technology.

Infrastructure Development

The NDA Government bestowed special attention to the infrastructure development of power, energy, telecom, railways, road network, ports, and civil aviation. Particular mention may be made to the Electricity Regulatory Commissions Act 1998. The independent regulation machinery came into existence with the enactment of the Act. The Regulator has the mandate to protect the consumers'

interests, ensure adequate return to the investor, promote economy and efficiency, ensure that tariffs progressively reflect the cost of supply, and gradually remove and eliminate cross-subsidies and facilitate competition. "The Electricity Act 2003 marks a watershed for the electricity sector".

The NDA Government focused attention on the development of roads, opting for new initiatives in financing and maintenance of roads, and moving from the public to public–private partnership. The Ninth Plan period was significant for (1) the launching of the National Highway Development Project consisting of a Golden Quadrilateral and the North-South and East-West corridors, (2) levy of tolls in select stretches of the national highway with an amendment to the National Highway Act, (3) creation of a legal framework for private sector participation, and 4) fillip to externally aided projects. The sector was slated for a step up activities.

Rural Development

The development of rural areas and improving socioeconomic conditions of the villagers has been the central concerns of development planning since Independence. The Anti-Poverty Programmes are a dominant feature of government initiative in rural areas. The programs have been reviewed, restructured, and strengthened and new programmes were introduced in successive years. The following are the important rural development programmes introduced by the NDA Government: Rural Employment Programmes Swarnajayanti Gram Swarozgar Yojana (SGSY), introduced on 1 April, 1999, is a holistic self-employment programme for the rural poor. Its basic objectives are (1) improving the family income of the rural poor, (2) providing for a flexibility of design at grass-root levels, and (3) extending assistance to acquire income generating assets. Its special focus is on the SCs and STs (50%), women (40%), and the disabled (3%). Similarly, Sampoorna Grameen Rozgar Yojana (SGRY), introduced on 25 September, 2001, aims to provide additional wage employment in rural areas as also food security, alongside creation of durable community, social and economic assets, and infrastructure development in these areas. The programme is self-targeting in nature with special emphasis on women, SCs, STs, and parents of children withdrawn from hazardous occupations.

Antyodaya Anna Yojana

Antyodaya Anna Yojana was a major poverty eradication programme. The scheme was launched on 25 December 2000, the birthday of Prime Minister Vajpayee and aimed to identify one crore 'poorest of the poor' families in the country to receive wheat or rice per month at highly subsidized rates. Henceforth, the poor will be divided into two categories, viz., (1) the regular 'below poverty line' (BPL) population, and (2) 'poorest of the poor' families. Surprisingly, the announcement

came a few months after the Union Cabinet had rejected the implementation of the highly subsidized scheme. Apart from the subsidy commitment, doubts were expressed about the modalities of the scheme's implementation like the precise identification of the target group, ensuring that the grain reached the real 'poorest of poor,' etc. The 'birthday give away' was, however, hailed as one more colorful feather in the coalition cap of Vajpayee.

Check Your Progress

1. What were the results of the 12th Lok Sabha elections?
2. What do you mean by a coalition Prime Minister?
3. Under what kind of circumstances was the Kargil War fought?

8.3 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The BJP emerged as the single largest party with 182 seats and the Congress with 141 seats. For the first time, the BJP coalition overtook the Congress combine. The BJP and its allies secured 250 seats as against the Congress and allies with 166 seats.
2. A coalition Prime Minister is a captive Prime Minister. He can neither 'wield his power nor exercise his prerogative. Prime Minister Atal Bihari Vajpayee was no exception.
3. The battle was fought at the height of 18,000 feet, with 60 degree slopes, under the inhospitable winter temperatures of –40 degrees centigrade.

8.4 SUMMARY

- Elections for the 11th Lok Sabha were conducted in 1996; the opposition party BJP emerged as the single-largest party. Like the 1991 elections, this Lok Sabha also did not have any party with a simple majority. BJP leader Atal Bihar Vajpayee was appointed as the Prime Minister but his government lasted only for 13 days.
- In the 12th Lok Sabha election, for the first time, the BJP coalition overtook the Congress combine. The BJP and its allies secured 250 seats as against the Congress and allies with 166 seats.
- The Prime Minister Atal Bihari Vajpayee could neither fill the vacancies in the Cabinet nor expand it; so he postponed cabinet expansion. Being a creature of circumstances, Prime Minister Vajpayee was one among equals but was not the first among them.

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- On 11 and 13 May 1998, three simultaneous nuclear explosions rocked the desert sands of Pokhran Test Range in the Rajasthan desert. Two days later, two more tests were conducted. The nuclear tests were codenamed Operation Shakti. The efforts to build the bombs and to conduct the tests were kept as closely guarded secret. The world was taken by surprise and felt the shock waves when India conducted five nuclear tests in succession in the summer of 1998.
- The Pokhran II nuclear tests were followed by a series of strong reactions from around the world. The reaction from the USA and the West was hostile. Other Scandinavian countries and countries like Japan, Australia, and Canada ordered sanctions on India.
- When the Prime Minister of India and Pakistan met in September 1998 in New York, on the sidelines of the U.N. General Assembly session, they had agreed to initiate Confidence Building Measures (CBMs) including a regular bus services between Delhi and Lahore. On 20 February, 1999, Prime Minister Vajpayee inaugurated the much publicized historic bus service from New Delhi to Lahore.
- One of the allies of BJP, AIADMK withdrew support to Vajpayee government because of unmet demands (to dissolve the DMK government in Tamil Nadu under the leadership of M. Karunanidhi). On 17 April 1999, the Vajpayee Government fell, defeated by one vote in the cliff-hanger no-confidence motion in the Lok Sabha. Vajpayee government recommended dissolution of the Lok Sabha and ordered general elections for the 13th Lok Sabha.
- Pakistan Army was clandestinely intruding into Indian Territory of Kargil. Pakistan was obviously planning for the infiltration while the draft for the Lahore Declaration was being prepared. The Indian Army came to know of the intrusion only on 5 May 1999. On 12 May, the army realized that the incursion was far more serious that it had assumed.
- Having realized that Pakistan infiltrators were lodged in, Kargil-Drass-Batalik sectors, Indian Army swung to action. The battle was fought at the height of 18,000 feet, with 60 degree slopes, under the inhospitable winter temperatures of –40 degrees centigrade.
- India set deadline on 16 July for total withdrawal (11 July). Nawaz Sharif announced pull out of his troops from Kargil and proposed peace talks with Vajpayee (12 July). Proud Prime Minister Vajpayee declared Operation Vijay a success (14 July). The two-month war was over.

- The audacious dare-devil Pakistan Plan, executed by General Parwez Musharraf, caught the Indian Army by surprise. Though surprised by the Pak brinkmanship, V.P. Malik, Chief of Army Staff, responded to the challenge with rare courage and defeated the enemy decisively. The Indian Army defended 150 km of the world's most adverse battlefield under intensely bitter winter conditions.
- Both sides suffered heavy causalities. Four hundred and seven Indian soldiers were killed, 584 injured, and 6 missing. On the Pakistan side, 696 soldiers were killed. The total cost of the war was ₹ 1,110 crores. The unprovoked fourth Indo-Pak War (1947–48, 1965, 1971, and 1999) was a qualified triumph and success.

8.5 KEY WORDS

- **Coalition Prime Minister:** It refers to the Prime Minister from a political party which is a part of a larger coalition of political parties.
- **Diplomacy:** It is the profession, activity, or skill of managing international relations, typically by a country's representatives abroad.
- **Lahore Declaration:** It was a bilateral agreement and governance treaty between India and Pakistan. The treaty was signed on 21 February 1999, at the conclusion of a historic summit in Lahore, and ratified by the parliaments of both countries the same year.

8.6 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. Why did the Prime Minister Atal Bihari Vajpayee postpone the cabinet expansion?
2. What were the reactions of the world of the Pokhran II nuclear tests?
3. What was the Bus Diplomacy, February 1999?
4. What led to fall of Vajpayee government?

Long-Answer Questions

1. Discuss the Lahore Declaration.
2. Give an overview of Operation Vijay.
3. Discuss some of the developmental programs of the Vajpayee government.

8.7 FURTHER READINGS

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UNIT 9 MANMOHAN SINGH AND NARENDRA MODI

Structure

9.0 Introduction
9.1 Objectives
9.2 Manmohan Singh and his Administrative Reforms
9.3 Narendra Modi and his Progressive Reforms
9.4 Answers to Check Your Progress Questions
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9.6 Key Words
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9.8 Further Readings

9.0 INTRODUCTION

The United Progressive Alliance came into being in May 2004 to translate the mandate of the people of India expressed through the General Elections of 2004 into a new agenda of governance aimed at providing a responsible, responsive, caring and inclusive Government. The UPA also committed itself to enhance the welfare and well-being of farmers, farm labour and workers, particularly those in the unorganized sector and assure a secure future for their families in every respect. The UPA expressed its commitment to empower women, politically, educationally, economically and legally; and, to provide for full equality of opportunity, particularly in education and employment for scheduled castes, scheduled tribes, other backward classes and religious minorities. The time since 2014 stands as evidence for Prime Minister Modi's desire to ensure development for all. Under him, the Indian government has implemented various schemes and programmes for the welfare of the Indian masses. In this unit, we will study about the developments made by the PM Manmohan Singh government and the PM Narendra Modi government during their tenures.

9.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the developments and the main events that took place under the PM Manmohan Singh government
- Explain the relation of India with other countries during the UPA-I government
- State the progressive reforms undertaken by PM Narendra Modi
- Discuss the contemporary challenges India faces today

9.2 MANMOHAN SINGH AND HIS ADMINISTRATIVE REFORMS

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Elections for the 14th Lok Sabha was held in May 2004, in which no single party or alliance got a simple majority in Lok Sabha. NDA lost this election and lost the tenure from the charismatic leadership of Vajpayee. United Progressive Alliance (UPA) headed by Congress came to power; after the controversy surrounding Sonia Gandhi becoming the prime minister, she did not accept President's invitation to become the Prime Minister. Dr. Manmohan Singh headed the UPA government and became the Prime Minister. Like the previous NDA coalition, UPA was also dominated by the regional parties.

Events That Marked the First UPA government

The Tsunami Tragedy

The UPA Government had to confront with the aftermath of the devastating tsunami which had struck and ravaged Andaman and Nicobar Islands and caused havoc to the coastal states of Tamil Nadu, Kerala, Andhra Pradesh and Pondicherry on 5 December 2004. The tsunami was a national disaster. Millions of people were affected. There was massive mobilization of contributions, help and succours to tsunami victims, particularly to the worst affected community of fishermen. Along with hundreds of agencies and individuals who volunteered for relief work, Prime Minister Manmohan Singh led the rehabilitation operation. National Disaster Management Agency was established and swung into action. The Science and Technology Ministry began working on establishing a tsunami warning system, with a view to co-ordinate warning, relief and rehabilitation work when natural disasters affect any part of India. The tsunami tragedy was managed with a professional bent.

Submission of the Nanavati Commission Report

The Nanavati Commission was appointed by the previous NDA Government in 2000, following criticisms that the previous probes did not produce anything worthwhile. The Commission inquired into the 1984 anti-Sikh riots following the assassination of the then Prime Minister Indira Gandhi by her Sikh body guards. Tabling the report in the Lok Sabha, on 8 August 2005, Prime Minister Manmohan Singh said, "on behalf of our government, on behalf of the entire people of this country, I bow my head in shame that such a thing took place". Jagdish Tytler, his Minister for Overseas Indian Affairs, had to resign as he was indicted by the commission. Sajjan Kumar, another Congress leader and Lok Sabha M.P. and who was also named in the report, quit the post of the Chairperson of the Delhi Rural Development Board. The Nanavathi Commission, however, exonerated Rajiv Gandhi or any other high ranking Congress leaders from the charges of complicity in organizing the attacks.

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Mullai Periyar Dam Dispute

On 10 November 2005, the Supreme Court suggested the appointment of a Technical Experts Committee, to look into the safety and other aspects of the Mullai Periyar Dam, to resolve the dispute between Tamil Nadu and Kerala on raising the water level from 136 feet to 142 feet. The Committee, after inspecting the main dam, the galleries, baby dam, earthen bunds and spillway, concluded that the dam was safe, that no excessive seepage was seen, that the dam had been strengthened by Tamil Nadu, and that the increase in the level would not affect the flora and fauna. Based on the Report, the Supreme Court, on 27 February 2006, directed the Kerala Government to raise the water level in the dam as required by the Tamil Nadu Government.

Social Sector Schemes

Many schemes were launched by Dr. Manmohan Singh led government for the welfare of various strata of society. We will discuss some of them below.

Employment Guarantee Scheme (NREGS)

A plethora of poverty alleviation, development and employment-generation programmes had been in vogue for a long time. One such momentous scheme has been the rural employment legislation. The National Rural Employment Guarantee Act (MGNREGA) was passed in September 2005 and was launched on 2 February 2006. The objective was to provide 100 days of guaranteed unskilled wage employment to each rural household opting for it. Two hundred districts in the country were identified for the initial implementation of the scheme, and the remaining districts were to be covered within the next five years.

National Rural Health Mission

The National Rural Health Mission was launched in April 2005, in order to make 'architectural corrections in the rural health infrastructure'. The goals of NRHM are to (1) provide universal access to equitable, affordable and quality healthcare; (2) respond to the needs of the poor; (3) reduce infant and maternal mortality; (4) prevent and control diseases; (5) facilitate access to integrated, comprehensive primary health care; and (6) achieve population stabilization and gender and demographic balance. To start with, effective health care will be provided to the rural population with special focus on 18 states known to have weak public health indicators and weak infrastructure.

National Urban Renewal Mission

The Jawaharlal Nehru National Urban Renewal Mission was launched in December 2005. The mission is a time-bound, for a 7-year period from 2005 to 2006. It has two main components: 1) basic services to the urban poor (BSUP); and 2) integrated housing and slum development programme (IHSDP). The BSUP was introduced to assist cities and towns in taking up housing and infrastructural facilities for the

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urban poor in 63 cities. Similarly, IHSDP has taken up the housing and slum upgradation programme in non-BSUP cities. The Centre, on 26 September 2006, approved 56 projects with an outlay of more than ₹35 billion for 20 cities during 2006–07.

Strategy for Drinking Water

Addressing a conference of state and union territory ministers in charge of rural drinking water supply and rural sanitation on 11 January 2006 in New Delhi, Prime Minister Manmohan Singh unveiled a 5-pronged strategy to ensure availability of safe potable water: 1) eliminating backlog and providing safe drinking water to all habitation; 2) addressing the water quality programme; 3)entrusting the responsibility of water supply management to local institutions; 4) building the capacity of such grass-roots institutions; and 5) managing the environmental resources within which the security of safe and assured water supply is embedded. These aspects will be covered under the Bharat Nirman Programme, which deals with building the infrastructure and providing basic amenities to rural areas.

Women's Welfare, Girls' Education and Women Empowerment

Equal Rights for Women

In August 2005, the Hindu Succession (Amendment) Bill was passed in the Parliament. The Bill removes discrimination against Hindu, Sikh, Buddhist and Jain women, including married daughters, by ensuring equal rights in parental property. Women now can inherit coparcenay property. Remarriage of the widow of a 'karta' or any other co-parcener will not deny a daughter her right. The landmark amendment is a significant step forward in rectifying gender discrimination in property laws.

Protection of Women from Domestic Violence

The Protection of Women from Domestic Violence Act 2005 is an Act of the Parliament of India enacted to protect women from domestic violence. It was brought into force in 2006. The Act provides a definition of "domestic violence", in according to Indian law, with this definition being broad and including not only physical violence, but also other forms of violence such as emotional/verbal, sexual, and economic abuse. It is a civil law meant primarily for protection and not meant to be enforced criminally.

Girl's Education

The UPA Government announced that every girl from single child families would be eligible for free education from Class VI to Class XII in schools affiliated to the Central Board of Secondary Education (CBSE). This progressive measure seeks to address the bias against educating the girl child in India and to achieve the goal of balancing the sex ratio. The scheme is an attempt to reward the 'socially correct' behaviour in order to transform society.

Women Empowerment

In February 2006, the National Commission for Women launched an ambitious programme for empowering women in villages. The campaign was called *'Chalo Gaon Ki Ore'*. The programme focused on the pressing problem of female foeticide and the missing girl child. The campaign also made rural women aware of HIV / AIDS, finance scheme, and sensitize them on how to take legal and police help.

Compulsory Registration of Marriage

On 14 February 2006, the Supreme Court directed that marriages be registered compulsorily, irrespective of religion. It directed the Centre, all States and Union Territories to amend the rules suitably to this effect within 3 months. The measure is remarkably revolutionary with far-reaching consequences. It is of critical importance because 1) it prevents child marriages and marriages without the consent of both parties; 2) it would check bigamy / polygamy; 3) it would ensure minimum age of marriage; 4) it would ensure the claim of married women to live in their matrimonial houses; 5) it would enable women to claim their inheritance rights and other benefits they are entitled to after the death of their husbands; and 6) it would deter them from deserting their wives, besides preventing parents and guardians from selling their daughters and wards to any person under the garb of marriage.

National Identity Card Scheme

The Multi-purpose National Identity Card (MNIC) scheme became operational on 26 May 2007 with the UPA Government releasing the first set prepared under the Pilot Project. The project was initiated in November 2003. Accordingly, the Citizenship Act 1955 was amended to provide for compulsory registration of all citizens and issue of a national identity card. It is a tamper proof plastic card with visible zone and details encoded in a microprocessor chip. The present project is called Aadhaar. This most mammoth project is a step in the right direction to establish and ensure a person's national identity.

The *Unique Identification Authority of India* (UIDAI) is an agency /as UPA government responsible for implementing the envisioned *AADHAAR,* unique identification number data-base. It aimed at providing a unique number to all Indians, but not smart cards. It would provide *a data-base of residents* containing very simple data in biometrics. The UIDAI is part of the Planning Commission. The Aadhaar Card is a smart card having a microprocessor chip. This is a secure and safe card. This one card will serve the purpose of several cards. Its Unique Features are: 1) it is a 12 digit unique number which the UIDAI will issue for all residents in India. 2) This number will be stored in a centralised data base. 3) It is linked to the basic demographic and bio-metric information. 4) It is easily verifiable online, cost-effective way. 5) It is smart and robust enough to eliminate the large number of duplicate and private databases. 6) The random number generated will be devoid of any classification based on caste, creed, religion and geography.

Right to Information

The Right to Information Act (RTI) was implemented on 12 October 2005. Following are the salient features of the Act: 1) The term 'right to information' has been defined to include the right to a) copy and inspect records; b) take certified samples; and c) inspect public works. Information also includes facts relating to a private body that can be accessed by a public authority. (2) The act aims to provide right of information to promote transparency and accountability. (3) It covers 'public authorities' of the Central Government, the State Governments, Panchayat Raj institutions and non-governmental organizations (NGOs). 4) It provides for the constitution of a Central Information Commission (CIC) with a Chief Information Commissioner and up to 10 Central Information Commissioners; 5) A similar setup is envisaged for the State Information Commissions. 6) Finally, a citizen requesting information is required to file an application with the Public Information Officer (PIO) or the Assistant Public Information Officer (APIO) in a prescribed format. The officer concerned must either provide or refuse the information within 30 days of receiving the application. The Act provides for stringent system of penalties if the PIOs or APIOs fail to provide the information requested.

The landmark legislation received all round appreciation. The Act ensures greater transparency in government transactions and improves quality of governance. Further, it guarantees maximum disclosure with minimum exemptions, provides an independent appeal mechanism for the citizen, and slaps penalties on erring officials. The Act is expected to improve accountability and transparency and eliminate corruption at all levels. It is hailed as a legislation of the common man. In short, the Right to Information Act opened a new era of openness and transparency.

Bharat Nirman

Bharat Nirman was launched by the UPA Government in 2005 and is an ambitious visionary plan for rural infrastructure to provide basic amenities to rural India.

Bharat Nirman focuses on six major components of the infrastructure: 1) water, 2) roads, 3) housing, 4) telephone, 5) electricity, and 6) irrigation. It is expected to ultimately result in the overall development of the infrastructural facilities of the country as a whole. It is a revolutionary flagship programme of the UPA Government.

National Knowledge Commission, 2005–2008

The UPA Government constituted the National Knowledge Commission as a think-tank to consider a possible policy that might sharpen India's comparative advantage in the knowledge-intensive service sectors. Constituted on 13th June 2005 with Sam Pitroda as its Chairman, the 8-member Commission was an advisory body to the Prime Minister of India.

The objective of the National Knowledge Commission was to transform India into a knowledge society. The Commission focused on 5 key areas of knowledge paradigm: 1) access to knowledge, 2) knowledge concepts,

3) knowledge creation, 4) knowledge application, and 5) the development of better knowledge services.

The Commission submitted around 300 recommendations on 27 focus areas during its three-and-a-half-year term. Following are some of the salient recommendations:

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1. To set up 1,500 universities to attain a gross enrolment of at least 15% by 2015.
2. Some clusters of affiliated colleges could be turned into universities.
3. Creation of an independent regulatory authority for higher education by an act of Parliament.
4. Creation of more appropriately scaled and more nimble universities that are more responsive to the current realities.
5. Government support for higher education should increase to at least 1.5% of the gross domestic product (GDP).
6. Norms and parameters need to be drawn up to allow universities to use their land as a source of finance.
7. There should be a more rational fee structure: Fees that can meet at least 20% of the total expenditure in Universities.
8. Needy students should be given fee waiver scholarships.
9. Setting up of 50 national universities that can provide education of the highest standards. It specifically suggested setting up 10 national universities over the next 3 years.
10. Some of the existing universities could be converted into national universities after a rigorous process of selection to set as examples.

Anti-Terror Law, 2008

The UPA Government introduced two important Bills in the Lok Sabha: 1) to set up the National Investigation Agency (NIA) and 2) to strengthen the Unlawful Activities Prevention Act (UAPA) to probe the gravest acts of terrorism.

Right to Education, 2008

Six years after the Parliament passed the 86th Constitutional Amendment (2002) Bill, the UPA Government introduced the Right to Children to Free and Compulsory Education Bill in the Rajya Sabha on 15 December 2008. The Bill provided a blueprint for systemic reforms in elementary education. The aim of the bill was to provide quality education. The legislation was a significant step towards the common school system, first proposed by the Kothari Commission in the 1960s.

The Right to Education Bill made it mandatory for private unaided schools to set aside 25% of their annual intake at the entry level for disadvantaged children in the school's neighbourhood. This move was to counter privatization of school education. The Bill also made screening of students a punishable offence. More importantly, the Bill barred capitation fees and made it a punishable offence with

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fines up to ten times the capitation fees charged. However, this well-meant legislative measure encountered many a hurdle.

National Integration Council, 2008

The National Integration Council (NIC) was reconstituted in February 2005 after a long gap of 15 years. The NIC consisted of the Prime Minister and 141 members. Chaired by Manmohan Singh, it was inaugurated on 13 October 2008. While inaugurating the 14th Meeting of the National Integration Council, Dr Singh identified the divisive and sinter factors of communalism, casteism, regionalism and linguism as banes of national integration.

Operation Duryodhana

The Aaj Tak TV channel and Cobrapost.com, under a sting operation code-named 'Operation Duryodhana', caught 11 MPs red-handed when they took money for asking questions in the parliament: 6 of them belonged to the BJP, 3 were from the BSP, and one each from the Congress and the RJD. The parties concerned promptly suspended the tainted MPs. The Rajya Sabha suspended the BJP member Chhattrapal Singh Lodha on the recommendation of the House Ethics Committee. On the basis of the findings of the 5-member multi-party House Committee, the Lok Sabha suspended the remaining 10 MPs. On 23 December, Parliament expelled all the 11 MPs.

It was for the first time in the history of the Parliament that the membership of MPs was terminated by voice vote. The wholesale expulsion of MPs across the political spectrum is unprecedented. This event remains a tribute to Parliament that it will not shield devious and dubious conduct of its own members. The episode also exposed the excess immunity provided for MPs. The sting operation draws attention to the need for defining and delimiting MP privileges in a manner that does not tacitly licence acts of corruption. The Supreme Court on 10 January 2007 upheld the termination of membership of 11 MPs.

MPLAD Scheme Scam: 'Operation Chakravyuh'

The Member of Parliament Local Area Development (MPLAD) Scheme was launched in late 1993 by the Narasimha Rao Government. Under this scheme, each MP receives ₹2 crore a year for works involving 'creation of durable assets' for public use. Such works are to be implemented in their respective constituencies through District Collectors. Close on the heels of 'Operation Duryodhana', Operation Chakravyuh was carried out by another TV channel. Seven MPs were found discussing kickbacks with TV reporters for handing out contracts under the MPLAD Scheme. The 'undercover operation' is yet another proof of corruption and venality of those who occupy the highest legislative bodies in the country.

11th Five Year Plan, 2007–2012

The Planning Commission approved the Approach paper to the 11th Five Year Plan, commencing from 2007–08. Broadly, the objective of the 11th Plan was 'faster and more inclusive growth'. Its central aim was to achieve a growth rate of

about 10% by the end of the plan period. Other objectives were: growth of 4% in the agriculture sector; faster employment creation; reducing disparities across regions; ensuring access to basic physical infrastructure; and health and education services to all. Public Private Partnership (PPP) programmes were to receive aggressive support in infrastructure projects. Fiscal and revenue deficits would be tackled by cutting down government expenditure and imposing fiscal discipline irrespective of the economic situation.

Relations with Foreign Countries

Indo-US Relations

Let us discuss the relation of India with other countries in this section.

Commitment on Civilian Nuclear Cooperation was signed on 18 July 2005, between President Bush and Prime Minister Manmohan Singh who committed themselves to the implementation of Civilian nuclear cooperation. Under the deal, India has agreed to 1) separate its civilian and military nuclear facilities; 2) place the former under full-scope international Atomic Energy Agency (IAEA) safeguards; 3) take steps to prevent export of nuclear-weapons technology; 4) contribute to other international non-proliferation regimes; and 5) continue with its declared moratorium on nuclear tests. The US Administration has committed to make appropriate provisions to supply fuel to the Tarapur nuclear plant. Further, the USA would push for transfer of other nuclear energy technology to India and introduce similar measures in the 44-country Nuclear Suppliers Group (NSG) and related actions by the IAEA. Moreover, the USA has agreed to recognize India as a 'leading country with advanced nuclear technology', thus granting it a de facto NWS status.

Technology Safeguard pact

India and the USA have agreed to sign a Technology Safeguard Agreement as part of the measures that will facilitate India to launch US licensed satellites and also third country satellites carrying US controlled items. The pact also seeks to safeguard the protected technologies of either country associated with such missions. The Indian Space Research Organisation (ISRO) and the US National Aeronautics and Space Administration (NASA) formulated two memoranda of understanding (MOU) that define the scope of the experiments and the sharing of responsibilities and data with regard to instruments from NASA that are to be flown as part of Chandrayaan, India's first lunar mission to moon.

Indo-Russia Relations

Since the early 1950s, India and Russia had built special enduring relations. India's policy of non-alignment enabled it to accept Soviet support in areas of strategic cooperation without subscribing to Soviet global policies. The 6th annual summit between Prime Minister Manmohan Singh and President Vladimir Putin was held in Moscow in early December 2005. They discussed the issue of mutual cooperation in energy, defence tie-up, economic and trade issue and space research.

Russia provided two 1000MW reactors for the Kudankulam nuclear plant in Tamil Nadu. Indo-Russian cooperation in defence moved in a quick pace during Prime Minister Manmohan Singh's visit to Moscow, even though no new contract was signed. A Comprehensive Economic Cooperation Agreement between India and Russia proposed to give a closer look at the economic and trade issues. India and Russia signed a bilateral agreement on technology safeguards related to Russia's Glonass Space Communication system, opening the road to the launching of communication satellites, which will be used by both countries for civilian and military purposes.

Defence Research and Development

On 22 December 2006, the India-Russia Working Group on Military Technical Cooperation decided to cooperate more closely in defence research and development with the identification of cutting-edge areas in which the scientists will work together. Twelve projects covering health, hypersonic and microwave technologies were identified. Russia agreed to become a joint partner in Hindustan Aeronautics Limited (HAL) in the manufacture of Sukoi-30 MKL and the MIG 29M2 series. The two sides have also agreed to extend their cooperation in jointly manufacturing the supersonic missile Brahmos.

Indo-European Union Relations

The 6th Indo-European Summit was held in New Delhi in September 2005, which resulted in a Joint Action Plan. It outlined an agenda to strengthen cooperation in counter-terrorism efforts. The EU formally invited India to participate in the Galileo Space Programme. It also cleared India's participation in the International Thermo-nuclear Experimental Reactor Project. British Prime Minister Tony Blair and Manmohan Singh issued a Joint Statement after their meeting in Udaipur, Rajasthan. The two sides spelt out their common belief in the fundamental importance of multi- literalism; establishing an Elf-India dialogue on global and security issues; and pledged to uphold human rights in a spirit of equality and mutual respect. The two leaders hailed the Joint Statement as a turning point in the relations between India and the European Union.

India-China Relations

The UPA Government bestowed great interest in consolidating relations between India and China. In their summit meeting in New Delhi in November 2006, President Hu Jntao and Manmohan Singh signed 13 agreements on protocols. The notable aspect of the Summit was the mutual understanding, an enhancing bilateral trade and a feasibility study on a free trade agreement. However, some irritants in the India-China relations needed to be resolved. For instance, China's occupation of large areas of Indian Territory and its claim to Aksai Chin in Ladakh.

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China continues to claim the reunification of Arunachal Pradesh with that country. The undelineated Line of Actual Control (LAC) between India and China remains a major destabilizing factor. The China-Pakistan nexus in the nuclear, missiles and military hardware poses strategic challenge to India. These issues need to be resolved through bilateral talks and negotiations.

In terms of trade relations, the two countries signed, in December 2006, a major pact envisaging joint exploration, production and acquisition of oil assets in third world countries. Indian Oil and China's Sinopec signed an MOU in Beijing as part of expanding cooperation between India and China.

India-Pakistan Relations

The Indo-Pak relations primarily revolve around the Kashmir issue. Prime Minister Manmohan Singh and President General Pervez Musharraf met in September 2005 in New York, on the sidelines of the UN General Assembly plenary session. They issued a Joint Statement pledging to pursue all possible options for a peaceful settlement of the Kashmir issue and not to allow terrorism to impede the peace process.

Manmohan Singh and Musharraf met again in September 2006, in Havana, Cuba, on the sidelines of the Non-Aligned Movement Summit. They issued a Joint statement agreeing that the peace process must be maintained. In a major breakthrough, the two leaders used the historic opportunity to resolve the crucial issue of terrorism and crush its terror network after agreeing on the establishment of an Anti- Terrorism Institutional Network.

On 1 January 2006, India and Pakistan exchanged the list of their nuclear facilities. On 15 November 2006, both the countries set up a joint mechanism to deal with terrorism. The two sides reached an agreement on nuclear risk reduction. It was also agreed on begin early operation of cross-LIC truck service. A 3-member anti-terror mechanism was set up. The setting up of the joint anti-terror mechanism is considered to be the single biggest achievement of India and Pakistan. The first ever joint anti-terror mechanism meeting was held in March 2007. The two countries agreed to cooperate with each other on the various terror attacks, including the recent blasts on the link train of the Lahore-bound Samjhauta Express and the blasts on the local trains of Mumbai on 11 July 2006. India also provided evidence of Pak linkages to terror attacks in Ayodhya, Varanasi, Delhi and other places. The purpose of the Joint Mechanism is to prevent terrorist attacks in both countries, and to assist each other through information sharing. India and Pakistan are not expected to achieve wonders through the joint mechanism to counter terrorism. But the leaders of two neighbours can go a long way if they can reform the mindsets of their respective security establishments.

India-Sri Lanka Relations

Srilankan President Mahinda Rajapakse visited India towards the end of December 2005 and held wide-ranging discussions with Prime Minister Manmohan Singh.

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He briefed Dr Singh on his assessment of the status of the peace process in his country. The Joint Statement catalyzed a border economic relationship between the two countries, underlined the enduring solution to the country's problems could emerge only through political processes, and agreed that the environmental implications of the Sethusamudram Ship Channel Project had to be studied and monitored.

On the political front, Manmohan Singh reiterated India's support to a negotiated settlement acceptable to all sections of Sri Lankan society within the framework of an undivided Sri Lanka and consistent with democracy, pluralism and respect for human rights. On 3 November 2006, 9th meeting of the India-Sri Lanka Joint Business Council concluded that there was tremendous potential for enhancement of economic cooperation between the two countries. In a significant judgment, Sri Lankan Supreme Court on 16 October 2006 scrapped a key element of the 1987 Indo-Sri Lanka Peace Accord by which the country's northern and eastern provinces were clubbed to become one administrative unit.

General Elections, 2009

The pre-election UPA alliance saw partners like PMK, MDMK, BSP and CPM withdrawing from the alliance. Election was held in 2009 and once again UPA formed the government at the Centre.

UPA Government II

The second ministry of Manmohan Singh came into existence after the 2009 general election.

National Food Security Bill

The National Food Security Bill was introduced in Parliament in December 2012, promulgated as a Presidential Ordinance on 5 July, 2013, enacted into law in 20 August and signed into Act by the President on 12 September, 2013.

The National Food Security Act aims at providing subsidized food grains to approximately two-thirds of India's 1.2 billion people. Under the provisions of the Act, beneficiaries can purchase 5 kg of cereals per eligible person per month at low prices. Pregnant women, lactating mothers and children are eligible for daily free meals.

The Act is a poverty eradication measure. In fact, it is hailed as an investment in human capital. This revolutionary initiative will bring food security for poor people and makes it easier for them to make ends meet. It is a significant step towards eradication of hunger, malnutrition and resultant poverty. Also, this Act will revolutionize food distribution system.

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Check Your Progress

1. What was the objective of the National Rural Employment Guarantee Act (MGNREGA)?
2. Define domestic violence according to the Protection of Women from Domestic Violence Act 2005.
3. Name the six focus areas of the Bharat Nirman.
4. What was the objective of the National Knowledge Commission?
5. Which move was counteract to privatization of school education?
6. What was the Member of Parliament Local Area Development (MPLAD) Scheme?
7. What is the aim of the National Food Security Act?

9.3 NARENDRA MODI AND HIS PROGRESSIVE REFORMS

Elections for 16th Lok Sabha were held in May 2014. This time the mandate was very clear: for the first time after thirty years, a single party secured majority in the Lok Sabha. Even though BJP secured majority, they formed the government in the name of NDA. Modi proved to be a charismatic leader in BJP after Vajpayee became the Prime Minister of India.

Telangana Becomes the 29th State

Andhra Pradesh witnessed violent agitations for a separate Telangana in 1967 and regularly thereafter. The UPA-II government finally announced the formation of the Telangana State. Telangana was born on 1 June 2014 as India's 29th State. It was carved out as a new political territory out of the southern state of Andhra Pradesh. Chandreshakar Rao was sworn in as the State's first chief minister in the capital Hyderabad. Both Telangana and Andhra Pradesh speaking the same language became two separate states.

Bringing Back Black Money

The BJP's election manifesto assured the people that its government under Modi will track down and bring back black money stashed in Swiss banks and offshore accounts. After assuming office on 27 May 2014, the Modi government, in pursuance of Supreme Court directions, formed a special investigation team (SIT) under Justice M.B. Shah.

The 11-member Justice Shaw SIT was formed (1) to investigate individuals having accounts in Lie Chtenste in Banks, whose names were disclosed by Germany; (2) to review the already agreed matters; and (3) to prepare a comprehensive

action plan to unearth black money deposited in foreign banks. The SIT would be anchored by the Central Board of Direct Taxes.

In order to dismantle black money, the NDA government announced another important step in the form of demonetization on 8 November 2016. Prime Minister Modi declared that ₹1000 and 500 notes would no longer be legal tender. The government strongly believed that this step would help bring back the black money. However, it resulted in untold hardship to the people for nearly the next six months. Simultaneously, RBI released new ₹ 500 and 2000 notes. The outcome of demonetization is still debated.

Controversy Surrounding Imposition of Hindi

The Home Ministry issued an order 2014 directing bureau to use Hindi for tweeting and posting comments on social media. In effect, the Home Ministry order made Hindi compulsory for official use in social media. This was construed as imposition of Hindi on non-Hindi speaking people. Protests erupted against this imposition, especially from Tamil Nadu.

Fatwas

The term *fatwa* refers to the legal opinion or interpretation that a qualified jurist or mufti can give on issues pertaining to the Islamic Law. The Supreme Court on 7 July 2014, in a landmark verdict, clarified that fatwas issued by Muslim Shanniat Courts (Dar-ul-Qazas) do not have legal sanctity and cannot be enforced if they infringed on the fundamental rights of any individual.

According to the Supreme Court, a fatwa cannot be entertained by court of law and such a fatwa shall be in violation of basic human rights. It cannot be used to punish the innocent and ignorant. No religion, including Islam, can punish the innocent.

Cauvery Water Disputes Tribunal

The sharing of the water from Cauvery River has been a contentious issue between Karnataka and Tamil Nadu for a pretty long time. The Cauvery Water Disputes Tribunal announced its final verdict on 5 February 2007. The Tribunal met again on 15 July 2014. Following a long-drawn legal battle by Tamil Nadu, the Supreme Court passed its verdict regarding the proportion of water to be shared between Tamil Nadu, Karnataka, Kerala, and Puducherry. A Cauvery Management Board was also constituted.

Introduction of Goods and Services Tax

On 1 July 2017 Goods and Services Tax (GST) was implemented by the NDA Government with a view to phase out Central Sales Tax in order to minimize the difficulties in managing the fiscal deficit. Such a proposal divided the country into states ruled by the Congress and others during the UPA regime. By reintroducing the GST, the Modi government made a history.

Judicial Appointments Bill

The National Judicial Appointments Commission Amendment Bill, 2014, and the 12th Amendment Bill were introduced in the Lok Sabha. The Constitutional Amendment Bill recommends the scrapping of the Collegium System and establishes a six-member body for appointment of judges. The Amendment Bill lays down the procedure to be followed for appointment and transfer of judges. After the passage of the first Bill, the government will move the second Bill to accord constitutional status to the proposed commission. These Bills have already provoked confrontation between the executive and the judiciary, and this proposal was quashed by Supreme Court.

Relationship with Foreign Countries

Let us discuss the relations of India with other nations the Narendra Modi Government.

Indo-US Relations

When Narendra Modi became the Prime Minister of India, three factors loomed large in the Indo-US relations: 1) The first was the visa ban against Modi. This ban was imposed on him under the U.S. Immigration and Nationality Act, for severe violation of religious freedom due to the Gujarat communal violence when he was the chief minister. 2) The Khobragade diplomatic crisis of late 2013 was the second. 3) Trade disputes and intellectual property rights. These were the three checkpoints in the bilateral relations between the two countries. In May 2014 US President Barack Obama reversed the visa ban and invited Modi to visit the USA.

IAEA Safeguards

Faithfully following the footsteps of Manmohan Singh's UPA government, Modi's NDA government ratified on 22 June 2014 an Additional Protocol with the International Atomic Energy Agency (IAEA). It may be recalled that the Manmohan Government on 1 August 2008 signed a pact to place Indian Civilian Nuclear facilities under IACA safeguards. On 10th October, Indo-US Civil Nuclear deal was linked.

Modi Government carried forward the nuclear deal and ratified additional protocol, covering the facilities which are monitored by the IACA. The new arrangement will also facilitate regular entry and exit of IAEA personnel. Prior to Modi's proposed visit to Washington, USA, in September, 2014, his government was to fulfill India's commitment anchored in the Indo-US Joint statement of July, 2005. The safeguards agreement with IAEA covers 20 nuclear facilities in India including Kudankulam units and when the US Secretary of State, John Kerry visited India (July 31, 2014) External Affairs Minister, Sushma Swaraj, raised the issue of 'snooping' by the National Security Agency (NSA) and voiced the concern of the country. However, the visiting dignitary is reported to have remarked that "we do not discuss intelligence matters in public".

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Indo-Russia Relations

Prime Minister Narendra Modi met the Russian President Vladimir Putin on the sidelines of the 6th Brazil Summit in Forkaleza, Brazil, on 15 July 2014, and discussed major bilateral issues concerning strategic matters, defence co-operations and economic ties. Modi invited Putin to visit India.

Indo-UK Relations

The United States and the United Kingdom rank among the most important countries outside of India's neighbours. After a decade of diplomatic boycott of chief minister Modi, James Cameron, the then British prime minister, lifted the boycott and re-established a formal contact with the Indian Prime Minister.

Indo-Pakistan Relations

In the unprecedented one-to-one meeting between Prime Minister Narendra Modi and his Pakistan Counterpart Nawaz Sharif during the swearing-in ceremony (May 2014), the former was satisfied to have stressed India's concern on terrorism, skirmishes on the Line of Control (LoC) and slow progress in the trial of 26/11 perpetrators.

During his visit to Jammu and Kashmir, Modi slammed Pakistan for engaging in a "proxy war of terrorism" (12 Aug). Pakistan retaliated that Modi's remarks were 'unfortunate' and a 'baseless rhetoric against Pakistan'. The sensible course would be to engage our problematic neighbour in diplomatic talks. Provocative rhetoric will only go against normalisation of Indo-Pakistan relations.

Indo-Bangladesh Relations

After the elections, Awami League Leader Sheikh Hasina was sworn in as Prime Minister in 2009, the bilateral relationship between India and Bangladesh became normal, cordial and friendly. However, the Land Border Agreement of 1974 could not be ratified by the UPA Government in Parliament. Despite negative election campaign against Bangladesh by Modi, the New NDA government has to deal with the Land Border Agreement, the Teesta River-Sharing Settlement, the pestering problem of illegal immigration, Dhaka-New Delhi relations, areas of security, sub-regional development, opening of Indian markets to Bangladesh goods, energy requirements, people-to-people exchanges are some of the problems to be handled by Modi. Dhaka's co-operation will be crucial and critical to the success of India's Look East Policy.'

India-China Relations

India's then Vice-President Hamid Ansari visited China in June 2014 to preside over the 60th anniversary of the signing of the Panchsheel, or five principles of co-existence. Ansari reiterated India's commitment to Panchsheel, which is the basis of "a federation of friendly, interdependant nations". China's Prime Minister XI Jinping asserted that China would follow the Five Principles of Panchsheel, underscoring its relevance even today.

Industry Ministry signed a landmark agreement to set up at least 4 Chinese Industrial Parks in India. China invited India to participate in the Asia Infrastructure Investment Bank (AIIB) to steer economic development along the ancient 'silk route', free from the influence of Western backed World Bank and Asian Development Bank.

China has also agreed to extend the provision of hydrological data from May 15 to December 15 every year on a daily basis, ending a two-year suspension on new projects. The Memorandum of Understanding builds upon an agreement to co-operate on Trans-boundary rivers signed in 2013. Training exchange programme for officials of both countries, between the Lal Bahadur Shastri National Academy of Administration, Mussoorie and the China executive leadership academy in Shanghai, were finalized.

Problems of Terrorism

The new millennium witnessed terrorists creating tension not only in India but also across the world. The 9/11 incident created a global alliance against terrorism. India had been worst affected by the terrorist activities, particularly parliament attack in 2001, Delhi Bomb Blast in 2005, Attack on Indian Institute of Science, Varanasi Blasts, Mumbai bomb blasts and Hyderabad bomb blast. Government of India took serious steps against the terrorism. From time to time laws have been passed to crack down terrorist activities.

Vajpayee, Manmohan Singh and Modi all strongly condemned the different forms of the terrorism and reiterated zero tolerance towards it, striving for a global alliance against terrorism with help of international leaders. Still, it is a serious threat to the security and stability of the nation. Terrorism has many faces in the name of religion, regionalism, caste, etc. and is undoubtedly the biggest challenge to the world as well as India. Hence, there should be no space for terrorism in a civilized state.

Contemporary Challenges

India has overcome economic stagnation and broken the vicious circle of poverty-underdevelopment-poverty. It has also broken from the colonial economic structure and has been successful in laying the foundations of a self-reliant, independent economy. It has thus fulfilled the desire of the founders of the Republic, to go from political independence to economic independence.

India has not been autarchic or self-sufficient or based on national seclusion, living within its own cocoon. It could only develop as an integral part of the world economy. But independent India's integration with the world economy has been different from that of the colonial period; it is based on the needs of India's autonomous development and free of subordination to the economies of the advanced capitalist countries of Western Europe and North America. In fact, dependence of independent India on foreign capital and foreign aid has

been quite low. Today, neither finance nor any major or economically strategic industry is under the control of foreign capital. Multinational corporations have played a relatively minor role in the Indian economy. However, for advanced technology, India still continues to be dependent on some industrialized countries. Immediately after independence, India successfully developed an economic pattern of its own – namely, a mixed economy, which placed equal emphasis on the active economic role of the state and the market – and developed a complementary relationship between the public and the private sectors. Since 1991, India has also been able to carry through economic reforms, dismantling bureaucratic controls and the licence quota raj and developing a closer integration with the world economy, through a gradual process, without hurting the economy or the people's living standards.

All the same the economic problems that India is yet to solve are enormous. It is likely to face new major challenges in the next few years. India is still a poor and backward country by world standards, and the economic gap vis-a-vis the advanced capitalist countries has widened instead of narrowing. This is especially true of the technological gap between the two. Despite the long strides Indian economy has taken, it still does not manage to fully satisfy the basic needs of its entire people, what to speak of their aspirations, in part because of the skewed income distribution.

Wide prevalence of poverty, inequality and social injustice and the poor quality of life of the vast majority of the people are the major areas of darkness in India's social and economic development. The Indian people enter the twenty-first century with a low per capita income, an intolerable level of illiteracy and a lowly position on the world index of human resource development, despite commendable achievements in terms of economic growth and political democracy. A change in the social and economic condition of the people has occurred since independence but at too slow a rate.

The quality of life of the masses in India is another major area of neglect as their physical and social needs have not been met even to a minimally desired level. Some progress has been made in this respect but it has been tardy and inadequate. India has been quite weak in the all-round transformation of human conditions. Its record is quite dismal when compared even with that of the other developing countries. In the latest index of human development, another name for the measurable parts of the quality of life, compiled by the United Nations Development Program (UNDP) in 2019, India occupies the 131st position among the 189 nations covered.

No doubt we still have 'promises to keep and miles to go'. We still face the challenges of poverty, disease, illiteracy, inequality, social backwardness, and gender and caste discrimination and oppression. Many of our current problems are the outcome of the tremendous changes we have undergone and not because of regression or stagnation. Despite many shortcomings, India has impressive achievements to its credit in the economic and political arenas.

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It has made significant progress towards social justice. As a result of economic development and transformation of the agricultural and industrial production base of society during the last half century, India has now the resources to further its social agenda. The earlier debate whether a poor society could pursue social justice is no longer relevant. There is no longer any need to counterpoise increase in production and productivity to the removal of poverty and better distribution of wealth and opportunities. Nehru's dilemma about how to combine development with equity has also disappeared, for we can now achieve this. It would, therefore, not be wrong to expect and to predict that in the next decade or so India is likely to make immense progress, to almost take a leap forward, in transforming the lives of the mass of the people and give them a decent standard of living.

Check Your Progress

8. When was Telangana state formed?
9. Why was the 11-member Justice Shaw SIT formed?

9.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. The objective of the National Rural Employment Guarantee Act (MGNREGA) was to provide 100 days of guaranteed unskilled wage employment to each rural household opting for it.
2. The Act provides a definition of "domestic violence", in according to Indian law, with this definition being broad and including not only physical violence, but also other forms of violence such as emotional/verbal, sexual, and economic abuse.
3. Bharat Nirman focuses on six major components of the infrastructure: 1) water, 2) roads, 3) housing, 4) telephone, 5) electricity, and 6) irrigation.
4. The objective of the National Knowledge Commission was to transform India into a knowledge society.
5. The Right to Education Bill made it mandatory for private unaided schools to set aside 25% of their annual intake at the entry level for disadvantaged children in the school's neighbourhood. This move was to counter privatization of school education.
6. The Member of Parliament Local Area Development (MPLAD) Scheme was launched in late 1993 by the Narasimha Rao Government. Under this scheme, each MP receives ₹2 crore a year for works involving 'creation of durable assets' for public use.

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7. The National Food Security Act aims at providing subsidized food grains to approximately two-thirds of India's 1.2 billion people.
8. Telangana was born on 1 June 2014 as India's 29th State. It was carved out as a new political territory out of the southern state of Andhra Pradesh.
9. The 11-member Justice Shaw SIT was formed (1) to investigate individuals having accounts in Lie Chtenste in Banks, whose names were disclosed by Germany; (2) to review the already agreed matters; and (3) to prepare a comprehensive action plan to unearth black money deposited in foreign banks.

9.5 SUMMARY

- Elections for the 14th Lok Sabha was held in May 2004, in which no single party or alliance got a simple majority in Lok Sabha. United Progressive Alliance (UPA) headed by Congress came to power; after the controversy surrounding Sonia Gandhi becoming the prime minister, she did not accept President's invitation to become the Prime Minister. Dr. Manmohan Singh headed the UPA government and became the Prime Minister.
- The UPA Government had to confront with the aftermath of the devastating tsunami which had struck and ravaged Andaman and Nicobar Islands and caused havoc to the coastal states of Tamil Nadu, Kerala, Andhra Pradesh and Pondicherry on 5 December 2004. National Disaster Management Agency was established and swung into action.
- The Nanavati Commission was appointed by the previous NDA Government in 2000, following criticisms that the previous probes did not produced anything worthwhile. The Commission inquired into the 1984 anti-Sikh riots following the assassination of the then Prime Minister Indira Gandhi by her Sikh body guards.
- On 10 November 2005, the Supreme Court suggested the appointment of a Technical Experts Committee, to look into the safety and other aspects of the Mullai Periyar Dam, to resolve the dispute between Tamil Nadu and Kerala on raising the water level from 136 feet to 142 feet.
- The National Rural Employment Guarantee Act (MGNREGA) was passed in September 2005 and was launched on 2 February 2006. The objective was to provide 100 days of guaranteed unskilled wage employment to each rural household opting for it. Two hundred districts in the country were identified for the initial implementation of the scheme, and the remaining districts were to be covered within the next five years.
- The National Rural Health Mission was launched in April 2005, in order to make 'architectural corrections in the rural health infrastructure'.

- The Jawaharlal Nehru National Urban Renewal Mission was launched in December 2005. The mission is a time-bound, for a 7-year period from 2005 to 2006. It has two main components: 1) basic services to the urban poor (BSUP); and 2) integrated housing and slum development programme (IHSDP).
- In August 2005, the Hindu Succession (Amendment) Bill was passed in the Parliament. The Bill removes discrimination against Hindu, Sikh, Buddhist and Jain women, including married daughters, by ensuring equal rights in parental property.
- The Protection of Women from Domestic Violence Act 2005 is an Act of the Parliament of India enacted to protect women from domestic violence. It was brought into force in 2006.
- The UPA Government announced that every girl from single child families would be eligible for free education from Class VI to Class XII in schools affiliated to the Central Board of Secondary Education (CBSE). This progressive measure seeks to address the bias against educating the girl child in India and to achieve the goal of balancing the sex ratio. The scheme is an attempt to reward the 'socially correct' behaviour in order to transform society.
- On 14 February 2006, the Supreme Court directed that marriages be registered compulsorily, irrespective of religion.
- The *Unique Identification Authority of India* (UIDAI) is an agency /as UPA government responsible for implementing the envisioned *AADHAAR,* unique identification number data-base. It aimed at providing a unique number to all Indians, but not smart cards.
- Bharat Nirman was launched by the UPA Government in 2005 and is an ambitious visionary plan for rural infrastructure to provide basic amenities to rural India. Bharat Nirman focuses on six major components of the infrastructure: 1) water, 2) roads, 3) housing, 4) telephone, 5) electricity, and 6) irrigation.
- The UPA Government constituted the National Knowledge Commission as a think-tank to consider a possible policy that might sharpen India's comparative advantage in the knowledge-intensive service sectors. Constituted on 13th June 2005 with Sam Pitroda as its Chairman, the 8-member Commission was an advisory body to the Prime Minister of India.
- The Commission focused on 5 key areas of knowledge paradigm: 1) access to knowledge, 2) knowledge concepts, 3) knowledge creation, 4) knowledge application, and 5) the development of better knowledge services.

- The UPA Government introduced two important Bills in the Lok Sabha: 1) to set up the National Investigation Agency (NIA) and 2) to strengthen the unlawful Activities Prevention Act (UAPA) to probe the gravest acts of terrorism.
- Six years after the Parliament passed the 86th Constitutional Amendment (2002) Bill, the UPA Government introduced the Right to Children to Free and Compulsory Education Bill in the Rajya Sabha on 15 December 2008. The Bill provided a blueprint for systemic reforms in elementary education. The aim of the bill was to provide quality education.
- The Right to Education Bill made it mandatory for private unaided schools to set aside 25% of their annual intake at the entry level for disadvantaged children in the school's neighbourhood. This move was to counter privatization of school education.
- The Aaj Tak TV channel and Cobrapost.com, under a sting operation code-named 'Operation Duryodhana', caught 11 MPs red-handed when they took money for asking questions in the parliament. The parties concerned promptly suspended the tainted MPs. The Supreme Court on 10 January 2007 upheld the termination of membership of 11 MPs.
- The Member of Parliament Local Area Development (MPLAD) Scheme was launched in late 1993 by the Narasimha Rao Government. Under this scheme, each MP receives ₹2 crore a year for works involving 'creation of durable assets' for public use. Such works are to be implemented in their respective constituencies through District Collectors.
- Under the Civilian nuclear cooperation between the US and India, the latter has agreed to 1) separate its civilian and military nuclear facilities; 2) place the former under full-scope international Atomic Energy Agency (IAEA) safeguards; 3) take steps to prevent export of nuclear-weapons technology; 4) contribute to other international non-proliferation regimes; and 5) continue with its declared moratorium on nuclear tests.
- The Indian Space Research Organisation (ISRO) and the US National Aeronautics and Space Administration (NASA) formulated two memoranda of understanding (MOU) that define the scope of the experiments and the sharing of responsibilities and data with regard to instruments from NASA that are to be flown as part of Chandrayaan, India's first lunar mission to moon.
- Since the early 1950s, India and Russia had built special enduring relations. India's policy of non-alignment enabled it to accept Soviet support in areas of strategic cooperation without subscribing to Soviet global policies.
- Russia agreed to become a joint partner in Hindustan Aeronautics Limited (HAL) in the manufacture of Sukoi-30 MKL and the MIG 29M2 series.

- The 6th Indo-European Summit was held in New Delhi in September 2005, whihch resulted in a Joint Action Plan. It outlined an agenda to strengthen cooperation in counter-terrorism efforts.

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- The UPA Government bestowed great interest in consolidating relations between India and China. In their summit meeting in New Delhi in November 2006, President Hu Jntao and Manmohan Singh signed 13 agreements on protocols.
- The Indo-Pak relations primarily revolve around the Kashmir issue.
- The National Food Security Bill was introduced in Parliament in December 2012, promulgated as a Presidential Ordinance on 5 July, 2013, enacted into law in 20 August and signed into Act by the President on 12 September, 2013. It aims at providing subsidized food grains to approximately two-thirds of India's 1.2 billion people.
- The UPA-II government announced the formation of the Telangana State. Telangana was born on 1 June 2014 as India's 29th State. It was carved out as a new political territory out of the southern state of Andhra Pradesh. Chandrashekar Rao was sworn in as the State's first chief minister in the capital Hyderabad. Both Telangana and Andhra Pradesh speaking the same language became two separate states.
- In order to dismantle black money, the NDA government announced another important step in the form of demonetization on 8 November 2016. Prime Minister Modi declared that ₹1000 and 500 notes would no longer be legal tender.
- The term *fatwa* refers to the legal opinion or interpretation that a qualified jurist or mufti can give on issues pertaining to the Islamic Law. The Supreme Court on 7 July 2014, in a landmark verdict, clarified that fatwas issued by Muslim Shanniat Courts (Dar-ul-Qazas) do not have legal sanctity and cannot be enforced if they infringed on the fundamental rights of any individual.
- On 1 July 2017 Goods and Services Tax (GST) was implemented by the NDA Government with a view to phase out Central Sales Tax in order to minimize the difficulties in managing the fiscal deficit. Such a proposal divided the country into states ruled by the Congress and others during the UPA regime.

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- Faithfully following the footsteps of Manmohan Singh's UPA government, Modi's NDA government ratified on 22 June 2014 an Additional Protocol with the International Atomic Energy Agency (IAEA). On 10th October, Indo-US Civil Nuclear deal was linked.
- India's then Vice-President Hamid Ansari visited China in June 2014 to preside over the 60th anniversary of the signing of the Panchsheel, or five principles of co-existence. Ansari reiterated India's commitment to Panchsheel, which is the basis of "a federation of friendly, interdependant nations". China's Prime Minister XI Jinping asserted that China would follow the Five Principles of Panchsheel, underscoring its relevance even today.
- China has also agreed to extend the provision of hydrological data from May 15 to December 15 every year on a daily basis, ending a two-year suspension on new projects. Training exchange programme for officials of both countries, between the Lal Bahadur Shastri National Academy of Administration, Mussoorie and the China executive leadership academy in Shanghai, were finalized.
- The 9/11 incident created a global alliance against terrorism. India had been worst affected by the terrorist activities, particularly parliament attack in 2001, Delhi Bomb Blast in 2005, Attack on Indian Institute of Science, Varanasi Blasts, Mumbai bomb blasts and Hyderabad bomb blast.
- Immediately after independence, India successfully developed an economic pattern of its own – namely, a mixed economy, which placed equal emphasis on the active economic role of the state and the market – and developed a complementary relationship between the public and the private sectors.
- In the latest index of human development, another name for the measurable parts of the quality of life, compiled by the United Nations Development Program (UNDP) in 2019, India occupies the 131st position among the 189 nations covered.

9.6 KEY WORDS

- **Silk route:** It was a network of trade routes which connected the East and West, and was central to the economic, cultural, political, and religious interactions between these regions from the 2nd century BCE to the 18th century.
- **GDP:** It is the total value of goods produced and services provided in a country during one year.
- **General election:** It is a political voting election where generally all or most members of a given political body are chosen. These are usually held

for a nation, state, or territory's primary legislative body, and are different from by-elections.

- **Black money:** It is the funds earned on the black market, on which income and other taxes have not been paid. Also, the unaccounted money that is concealed from the tax administrator is called black money.
- **Fatwa:** It is a ruling on a point of Islamic law given by a recognized authority.
- **Tribunal:** It is a body established to settle certain types of dispute.
- **Mixed economy:** It is an economic system blending elements of a market economy with elements of a planned economy, free markets with state interventionism, or private enterprise with public enterprise.
- **Index of Human Development:** It is a statistic composite index of life expectancy, education (Literacy Rate, Gross Enrolment Ratio at different levels and Net Attendance Ratio), and per capita income indicators, which are used to rank countries into four tiers of human development.

9.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. What was the result of the Nanavati Commission report?
2. How was the dispute between Tamil Nadu and Kerala on raising the water level from 136 feet to 142 feet in Mullai Periyar Dam solved?
3. State the goals of National Rural Health Mission (NRHM).
4. What was the 5-pronged strategy of the Prime Minister Manmohan Singh to ensure availability of safe potable water?
5. Why is the compulsory registration of marriages termed as of critical importance?
6. What was the motive behind demonetization? Did demonetization achieve it?
7. Name the impending issues to be dealt by the Modi Government regarding Bangladesh.
8. State some of the developments made between India and China under the Narendra Modi Government.

Long-Answer Questions

1. Discuss the initiatives taken by the Manmohan government for women's welfare, girls' education and women empowerment.

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2. What is the Multi-purpose National Identity Card (MNIC) scheme? Give features of the Aadhaar Card.
3. Explain the salient features of the Right to Information Act (RTI).
4. Discuss the recommendations made by the National Knowledge Commission.
5. Elaborate on the serious threat of terrorism to the security and stability of India.
6. What contemporary challenges does India face today? Explain.

9.8 FURTHER READINGS

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BLOCK IV
PLANNING COMMISSION DEVELOPMENT

UNIT 10 PLANNING

NOTES

Structure

10.0 Introduction
10.1 Objectives
10.2 Planning Commission and Five Year Plans
10.3 Industrial Development
10.4 Answers to Check Your Progress Questions
10.5 Summary
10.6 Key Words
10.7 Self Assessment Questions and Exercises
10.8 Further Readings

10.0 INTRODUCTION

The Planning Commission of India was set up in 1950 to chalk out strategies and make development in the economy by exploring the available resources in the country. The Constitution of India, in the Directive Principles of State Policies states that – "The State shall, in particular, direct its policy towards securing – (i) that citizens, men and women equally, have the right to an adequate means of livelihood (ii) that the ownership and control of the resources of the community are so distributed as best to sub serve the common good(iii) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment." In accordance with the spirit of the Constitution of India, the Government of India adopted the term 'Planning' to pave the way for achieving economic growth. The Planning Commission makes a comprehensive assessment of the resources, both actual and potential. It advises the Government as to how to undertake plans in light of the economic policies decided to achieve the various goals. The implementation of plans is the responsibility of the Government of India through various ministries and departments. In this unit, we will study 'Nehru-Mahalanobis' model in the five-year plans. It was largely followed by India till 1991 when the balance of payment crisis and subsequent pressure from monetary agencies like the World Bank and the International Monetary fund made India liberalise its economy and abandon the centralized planning approach. The quest for industrial development started soon after independence in 1947. The Industrial Policy Resolution of 1948 defined the broad contours of the policy delineating the role of the State in industrial development both as an entrepreneur and authority. This was followed by comprehensive enactment of Industries (Development &

Regulation) Act, 1951 (referred as IDR Act) that provides for the necessary framework for implementing the Industrial Policy and enables the Union Government to direct investment into desired channels of industrial activity *inter alia* through the mechanism of licensing keeping with national development objectives and goals. The main objectives of the Industrial Policy of the Government are (i) to maintain a sustained growth in productivity;(ii) to enhance gainful employment;(iii) to achieve optimal utilisation of human resources; (iv) to attain international competitiveness; and (v) to transform India into a major partner and player in the global arena. To achieve these objectives, the Policy focus is on deregulating Indian industry; allowing freedom and flexibility to the industry in responding to market forces; and providing a policy regime that facilitates and fosters growth. This unit also deals with the industrial growth in India since Independence through various industrial policies.

10.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the plans for growth outlined in the various five-year plans
- Explain the objectives and strategies chalked out in different industrial policies of India
- Discuss the industrial growth of India
- Describe the trends in industrial production

10.2 PLANNING COMMISSION AND FIVE YEAR PLANS

A planned economy is an economic system in which the economy is directed by the state. It is an economic system in which the central government controls industry by making major decisions regarding the production and distribution of goods and services. The two major types of planning are: central or centralized planning and indicative planning. After the end of the British Raj, Independent India decided to follow a centralized planning approach to its development. In this regard the Planning Commission was set up.

India's first Prime Minister, Jawaharlal Nehru set up the Planning Commission with a Government of India resolution in March 1950. The Planning Commission was set up in pursuance of the declared objectives of the government, which was to promote a swift rise in the standard of living of the people by the efficient utilization of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community. Nehru was the first chairman of the Planning Commission, a post

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that has been held by all subsequent prime ministers. The charge of the Planning Commission was to assess all the resources of the country, increasing deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities.

Table 10.1 provides you a summary of various five year plans formulated and executed by the Planning Commission of India since its inception. In this section, we will focus on the 'Nehru-Mahalanobis' model in the five-year plans which represented the Nehruvian view of state-led development. The state led development model was largely followed by India till 1991 when the balance of payment crisis and subsequent pressure from monetary agencies like the World Bank and the International Monetary fund made India liberalise its economy and abandon the centralized planning approach.

The 'Nehru-Mahalanobis' model was formulated by Prof. P. C. Mahalanobis under the guidance of Nehru. The 'Nehru-Mahalanobis Model' became the basis of the second five-year plan and continued to be guiding principle of all subsequent plans with small alterations until 1977 when the Janata Party came into power and conceived of the Gandhian model. The emphasis of the model was on the rapid development of heavy industry with the objective of creating an indigenous industrial base so as to make India even more self-reliant into arms father capital-goods sector. The justification of the heavy goods strategies was stated in the framework of the second five-year plan as being 'In long run, the rate of Industrialization and the growth of the national economy would depend upon the increasing production of coal, electricity, iron and steel, heavy machinery, heavy chemicals and heavy industries generally – which would increase the capacity for capital formation. One important aim is to make India independent as quickly as possible of foreign imports of producer goods so that the accumulation of capital would not be hampered by difficulties in securing supplies of essential producer goods from other countries. The heavy industry must, therefore, be expanded with all possible speed.' The Nehru–Mahalanobis Model's justifications for greater emphasis on heavy industry were given as follows:

(i) The British colonial government intentionally denied the development of heavy industry in India and kept the country, primarily an agrarian economy, as an appendage of the British colonial system.

(ii) The Indian industrial structure was mainly dependent on the consumer goods industries. Therefore, it was necessary to broaden this base by developing heavy industries and infrastructure. The argument was made that a diversified industrial structure could absorb a huge population of labour and raise labour productivity. Such a situation would reduce the nation's dependence on agriculture as a provider of employment.

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(iii) Since the productivity of labour was higher in manufacturing than in agriculture, a push towards industrialisation promised to bring about a swift increase in national and per capita income.

(iv) The rapid development of the Industrial sector was not only critical for the development of agriculture, but also for the growth of all other sectors of the Indian economy.

Although admitting that foreign aid assisted in the development of capital goods and the infrastructure sector, the 'Nehru-Mahalanobis Model' stressed that the major burden of development would have to be borne by domestic savings. Since foreign aid would largely come in the form of loans, the model emphasised the growth of exports so as to pay for the bulk of imports by the increase in exports. The model was also conscious of the fact that enormous investments in heavy industry, although very important, would not increase employment significantly, since such investments were capital-intensive. Therefore, in order to generate employment and support the production of consumer goods, investment had to be made in small scale industries. The emphasis of enormous investment in heavy industry did not mean that the model did not give due importance to the role of agriculture for developing the Indian economy. Nehru recognised how critical agriculture was to the Indian economy stating, "We shall find that this industrial progress cannot be achieved without agricultural advances and progress… Everyone knows that unless we are self-sufficient in agriculture we cannot have the wherewithal to advance in industries. If we have to import food, then we are doomed so far as progress is concerned. We cannot import both food and machinery."

Summary of Various Five-Year Plans in India

A summary of various Five-Year Plans in India has been provided in Table 10.1 below:

Table 10.1 *Summary of Five-Year Plans in India*

Plan	Aspects
First Plan (1951–56)	• Based on the Harrod-Domar Model • Community Development Program launched in 1952 • Focus on agriculture, price stability, power and transport • Plan successful primarily because of good harvests in the final two years of the plan
Second Plan (1956–61)	• Also called the Nehru-Mahalanobis Plan • Focus on rapid industrialization • Advocated huge imports through foreign loans • Shifted the emphasis from agriculture to industry • Target Growth: 4.5 per cent • Actual Growth: 4.27 per cent • During this plan, prices increased by 30 per cent, against a decline of 13 per cent during the first plan

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Third Plan (1961–66)	• At the inception of the third plan, it was felt that the Indian economy had entered a take-off stage. Therefore, the aim of the plan was to make India a 'self-reliant' and 'self-generating' economy • Based on the experience of first two plans, agriculture was given top priority to support the exports and industry • Target Growth: 5.6 per cent • Actual Growth: 2.84 per cent • The plan failed completely in reaching targets due to the Chinese aggression of 1962, the India-Pakistan War if 1965 and a severe drought in 1965–66
Annual Plans (1966–69)	The prevailing crisis in agriculture and a serious food shortage necessitated the emphasis on agriculture during the Annual Plans
	During these plans a completely new agricultural strategy was implemented. It involved the wide-spread distribution of high-yielding varieties of seeds, extensive use of fertilizers, exploitation of irrigation potential and soil conservation During the Annual Plans, the economy absorbed the shocks that were generated during the third plan The annual plans paved the path for the planned growth ahead
Fourth Plan (1969–74)	• The main emphasis of the plan was on growth rate of agriculture to enable other sectors to move forward • Target Growth: 5.7 per cent • Actual Growth: 3.30 per cent • The first two years of the plan saw record production. The last three years did not measure up due to poor monsoons • The influx of Bangladeshi refugees before and after the 1971 Indo-Pak war was an important issue
Fifth Plan (1974–79)	• D.D. Dhar prepared and launched the fifth five year plan • The two main objectives of the plan was ‘Garibi Hatao’ (removal of poverty) and the 'attainment of self reliance' • The promotion of a high rate of growth, better distribution of income and significant growth in the domestic rate of savings were seen as key instruments of the plan • The fifth plan was abruptly terminated in 1978 instead of 1979 after the Janata Party came to power at the centre • Target Growth: 4.4 per cent • Actual Growth: 3.8 per cent
Rolling Plan (1978–80)	• There were two sixth five-year plans. The Janata party government put forward a plan for 1978–1983. However, the government lasted for only two years. The Congress returned to power in 1980 and launched a different plan

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Sixth Plan (1980–85)	• The Congress government's sixth five-year-plan focused on increasing national income, modernising technology, ensuring the continuous decrease in poverty and unemployment, population control through family planning, etc • Target Growth: 5.2 per cent • Actual Growth: 5.66 per cent
Seventh Plan (1985–90)	• The focus of the seventh plan was the rapid growth in food-grains production, increased employment opportunities and productivity within the framework of the basic tenants of planning • The plan was very successful with the economy recording 6 per cent growth rate against the targeted 5 per cent • Target Growth: 5.0 per cent • Actual Growth: 6.01 per cent
Eighth Plan (1992–97)	• The eighth plan was postponed by two years because of political uncertainty at the Centre • The Balance of Payment crisis and inflation during 1990–91 were the key issues during the launch of the plan • The plan undertook drastic 'structural adjustment policies' enforced by the World Bank to combat the bad economic situation and to undertake an annual average growth of 5.6 per cent • Some of the main economic outcomes during the eighth plan period were rapid economic growth, high growth of the agriculture and allied sector the manufacturing sector, the growth in exports and imports, improvements in trade and the current account deficit
Ninth Plan (1997–2002)	• The ninth five year plan was developed in the context of four important dimensions. The dimensions were quality of life, generation of productive employment, regional balance and self-reliance • Target Growth: 6.5 per cent • Actual Growth: 5.35 per cent
Tenth Plan (2002–2007)	• The objective of the tenth five year plan was to achieve 8 per cent GDP growth rate, reduce poverty by five percentage points by 2007, provide universal primary healthcare by 2007, and to provide sustained drinking water to all villages by 2012. • The plan also aimed at providing high quality gainful employment to the labour force over the plan period and aimed at increasing literacy rate to 72 per cent within the plan period and to 80 per cent by 2012 • Target growth:8.1 per cent • Growth achieved:7.7 per cent

Eleventh Plan (2007–2012)	• Accelerate GDP growth from 8% to 10 per cent, increase agricultural GDP growth rate to 4 per cent per year, create 70 million new work opportunities and reduce educated unemployment to below 5 per cent • Raise real wage rate of unskilled workers by 20 per cent • Reduce dropout rates of children from elementary school from 52.2 per cent in 2003–04 to 20 per cent by 2011–12 and increase literacy rate for persons of age 7 years or above to 85 per cent • Lower gender gap in literacy to 10 percentage point and increase the percentage of each cohort going to higher education from the present 10 per cent to 15 per cent • Reduce infant mortality rate to 28 and maternal mortality ratio to 1 per 1000 live births • Reduce Total Fertility Rate to 2.1 • Attain WHO standards of air quality in all major cities by 2011–12 • Provide clean drinking water for all by 2009 • Increase forest and tree cover by 5 percentage points • Reduce malnutrition among children between 0–3 years to half its present level and reduce anaemia among women and girls by 50 per cent • Raise the sex ratio for age group 0–6 to 935 by 2011–12 and to 950 by 2016–17 • Ensure that at least 33 per cent of the direct and indirect beneficiaries of all government schemes are women and girl children • Ensure all-weather road connection to all habitation with population 1000 and above (500 in hilly and tribal areas) by 2009, and ensure coverage of all significant habitation by 2015 • Treat all urban waste water by 2011–12 to clean river waters • Connect every village by telephone by November 2007 and provide broadband connectivity to all villages by 2012 • Increase energy efficiency by 20 percentage points by 2016–17

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Check Your Progress

1. Define planned economy.
2. Why was the Planning Commission set up?
3. What was the charge of the Planning Commission?

10.3 INDUSTRIAL DEVELOPMENT

Industry accounts for 26% of GDP and employs 22% of the total workforce in India. Industrial growth is a great indicator of the overall economic health of a country, including the level of income, state of modernization, growth of infrastructure and self-sufficiency. It not only provides the additional job opportunities needed to absorb some of the surplus labour in the rural workforce but also generates employment for the new entrants that are expected to join the labour force both in rural and urban areas of the country. For this, industries must not only grow, but grow in a manner that leads to the absorption of large numbers of workers.

India started her quest for industrial development after Independence in 1947. The Industrial Policy Resolution of 1948 marked the beginning of the evolution of the Indian Industrial Policy. The resolution not only defined the broad contours of the policy, it delineated the role of the state in industrial development both as an entrepreneur and as an authority. Successive policy resolutions also emphasized this basic tilt in favour of the public sector. The Industrial Policy Resolution of 1956 gave the public sector a strategic role in the economy. It categorized industries which would be the exclusive responsibility of the state or would progressively come under state control and others. Earmarking the pre-eminent position of the public sector, it envisaged private sector co-existing with the state and thus attempted to give the policy framework flexibility.

The Industrial Policy initiatives undertaken by the Government since July 1991 have been designed to build on the past industrial achievements and to accelerate the process of making Indian industry internationally competitive. It recognizes the strength and maturity of the industry and attempts to provide the competitive stimulus for higher growth. The thrust of these initiatives has been to increase the domestic and external competition through extensive application of market-mechanisms and facilitating forging of dynamic relationships with foreign investors.

The Industrial Policy of 1948

The first industrial policy statement was issued in the Government's Industrial Policy Resolution of April 1948. The resolution contemplated a mixed economy. There was a sphere reserved for private enterprise and another for public ownership. The Government of India felt that for some time the state could continue to increase national wealth by expanding its present activities wherever it was already operating and by concentrating on new units of production in other fields rather than on acquiring and running existing units. Meanwhile, private enterprise, property directed and regulated had valuable role to play.

Thus it was decided that India would be a mixed economy in which both the public and private enterprises would work side by side for the economic development of the country. It was a compromise between private capitalism and state socialism.

I. Categories of industry

In the Industrial Policy Statement of 1948, industries were divided into four categories:

The *first category* included strategic industries such as the manufacture of arms and ammunition, the production and control of atomic energy and the ownership and management of railway transport. It was decided that these should be the exclusive monopoly of the state and private enterprise was not to be permitted.

The *second category* included basic and key industries such as coal, iron and steel, ship-building, aircraft manufacture and manufacture of telephone, telegraph and wireless apparatus and mineral oils. For these industries it was laid down that the State would be exclusively responsible for the establishment of new undertakings while existing units would be allowed to operate for a period of 10 years at the end of which the position was to be reviewed. Since the responsibility of inviting new concerns was assumed by the State, private enterprise lost interest in this category of industries.

In the *third category* there was a list of 18 basic industries. These industries would ordinarily be operated by private enterprise but would be subject to central regulation and control since their locations had to be governed by economic factors of all-India importance or they required considerable investment and a high degree of technical skill.

The other industries would normally be opened to private enterprise, individual as well as co-operative. But even here the State would also participate progressively in this field and would not hesitate to intervene whenever the progress of an industry under private enterprise was unsatisfactory.

In addition to the four categories of industries, there was a fifth one in which the Government took a very keen interest. These were the cottage and small industries. The role of cottage and small industries in the national economy was emphasized in as much as they offer scope for individual, village or co-operative enterprise and means for the rehabilitation of displaced persons.

II. Foreign capital

As regards foreign capital, it was recognized that in securing rapid industrial development, it had an important part to play. A free flow of foreign capital would be welcome because it would ensure the supply of capital goods and of technical know-how. But at the same time the conditions under which foreign capital would participate in Indian industry should be carefully regulated in the national interest. The Government's policy gives the following assurances to foreign capital: (*i*) there will be no discrimination between foreign and Indian undertakings in the application of general industrial policy; (*ii*) reasonable facilities would be given for the remittance of profits and repatriation of capital consistent with foreign exchange position of the country; and (*iii*) in the event of nationalization, fair and equitable compensation would be paid.

For increasing industrial production, the resolution enunciated a policy of social justice, fair wages, increasing participation of labour in industrial affairs as a basis of harmonious relations between labour and management.

III. Mixed economy

The Industrial Policy of 1948 envisaged a mixed economy. Mixed economy is the outcome of compromise between two diametrically opposite schools of thought—

one which champions the cause of *laissez faire* capitalism and another which supports the cause of socialization of all means of production.

In a mixed economy the entire economic system is divided into three parts:

(*i*) Sectors exclusively controlled and managed by the private enterprise subject to the general control and regulation by the state;

(*ii*) Sectors which are exclusively controlled and managed by the state; and

(*iii*) Sectors which are jointly managed and controlled by the State and private enterprise.

Structure and Growth of Indian Industry

Before the First Plan, industrial development in India was confined largely to the consumer goods sector, the important industries being cotton textiles, sugar, salt, soap, paper and leather goods. Thus, the industrial structure exhibited the features of an underdeveloped economy. Industries manufacturing coal, cement, steel, power, non-ferrous metals, chemicals, etc., were also established but their production was small. As far as the capital goods sector was concerned, only a small beginning was made. On the whole, while consumer goods industries were well-established, producer goods industries lagged considerably behind.

The First Plan did not envisage any large-scale programmes of industrialization. Only ₹ 55 crore out of the total expenditure of ₹ 1960 crore in the First Plan was spent on industry and minerals. The Second Plan accorded top priority to programmes of industrialization which would be clear from the fact that the expenditure on industry and minerals was increased to ₹ 938 crore under this plan which was 20.1 per cent of the total expenditure of ₹ 4672 crore. Based on the Mahalanobis Model, the Second Plan set out to establish basic and capital goods industries on a large scale so that a strong base for industrial development in the future could be built. Three steel plants of one million tonnes ingot capacity each were set up in the public sector.

The Third Plan also emphasized the establishment of basic capital and producer goods industries. Expenditure on industry in the Third Plan was ₹ 1726 crore, which was 20.1 per cent of the total expenditure of ₹ 8577 crore under the plan. The structure of industrial development was further nurtured in the Fourth and Fifth Plans with minor changes. The expenditure on industry was hiked to 22.8 per cent in the Fifth Plan. The Sixth Plan emphasized optimum utilization of existing capacities and improvement of productivity and enhancement of manufacturing capacity. Of the total expenditure of ₹ 109,292 crore under the Sixth Plan, the share of the industrial sector was ₹ 15,002 crore which comes to 13.7 per cent. During this period, industrial and trade policies were substantially liberalized.

Objectives for the industrial sector in the Seventh Plan were kept as follows: (*i*) to ensure adequate supply of wage goods at reasonable prices, (*ii*) to maximize

the utilization of the existing facilities through restructuring and upgradation of technology, (*iii*) to concentrate on development of industries with large domestic market and export potential, (*iv*) to usher in 'sunrise' industries with high growth potential and relevance to our needs, and to evolve an integrated policy towards self-reliance in strategic fields and open up avenues for employment. The overall outlay envisaged in the Seventh Plan for industrial and mineral programmes in the public sector was ₹ 22,416 crore. Industrial production was targeted to grow at the rate of 8.7 per cent per annum. The actual average rate of growth during the Seventh Plan was 8.5 per cent per annum. As far as the Eighth Plan is concerned, the overall outlay for industrial and mineral programmes in the public sector was kept at ₹ 40,588 crore. This is only 9.3 per cent of the total outlay of ₹ 434,100 crore in the Plan. The Ninth Plan envisages an industrial growth of 8.2 per cent per annum. Policies advocated to achieve this growth rate are (*i*) ensuring adequate availability and requisite quality of infrastructure; (*ii*) adoption of special measures to promote the development of industries in backward areas, (*iii*) introducing a special package for the industrial development of the North Eastern States; (*iv*) reviewing the working of Board for Industrial and Financial Reconstruction (or BIFR) and bringing about necessary changes to make it an effective instrument of reviving sick industrial units, (*v*) initiating steps to close down potentially unrevivable public units, (*vi*) promoting production and productivity in the small-scale industries through technological upgradation and (*vii*) adoption of a cluster approach in the unorganized sector for provision of training, upgradation of skills and improvement in tool kits, equipment and production techniques to increase production and income levels of artisans and workers.

Trends in Industrial Production

Industrial development during the Plan period can be divided into the following four phases:

Phase I (1951–56): Building up of strong industrial base: Phase I laid the basis for industrial development in the future. The Second Plan, based on the Mahalanobis Model emphasized the development of capital goods industries and basic industries. Accordingly, huge investments were made in industries like iron and steel, heavy engineering and machine-building industries. The same pattern of investment was continued in the Third Plan as well. As a result there occurred a noticeable acceleration in the compound growth rate of industrial production over the first three plan periods up to 1965 from 5.7 per cent in the First Plan to 7.2 per cent in the Second Plan and further to 9.0 per cent in the Third Plan. The rate of growth of capital goods industries shot up considerably from 9.8 per cent per annum in the First Plan to 13.1 per cent per annum in the Second Plan and further to 19.6 per cent per annum in the Third Plan.

Phase II (1965–80): Industrial deceleration and structural retrogression: The period 1965 to 1976 was marked by a sharp deceleration in industrial growth. The rate of growth fell sharply from 9.0 per cent per annum during the Third Plan

to a mere 4.1 per cent per annum during the period 1965 to 1976. The last year of Phase II, i.e., 1979–80, recorded negative growth of industrial production of 1.6 per cent over the preceding year.

Several explanations were offered for the phenomenon of deceleration and retrogression in the industrial sector during Phase II. The government expressed the view that exogenous factors such as the wars of 1965 and 1971, drought conditions in some years, infrastructural constraints and bottlenecks and the oil crisis of 1973 were responsible for slowdown of growth. K.N. Raj argued that low growth in the agricultural sector accounted for the slowdown of industrial growth by restricting the supply of raw materials on the one hand and by constraining the demand for industrial goods on the other. T.N. Srinivasan argued that there was a considerable slackening of real investment in Phase II particularly in the public sector and this brought down the rate of growth in the industrial sector. Some economists like Jagdish Bhagawati blamed the wrong industrial policies, complex bureaucratic system of licensing and irrational and inefficient system of controls for industrial deceleration.

Phase III (1981–1991): Period of industrial recovery: The period of the 1980s can broadly be termed as a period of industrial recovery.

The rate of industrial growth was 6.4 per cent per annum during 1981-85, 8.5 per cent per annum during the Seventh Plan and 8.3 per cent in 1990-91. This is a marked upturn from growth rates of around 4 per cent achieved during the latter half of the 1960s and 1970s.

The main causes of industrial recovery during the 1980s were as follows:

1. ***New industrial policy and liberal fiscal regime:*** One of the main causes of industrial recovery during the 1980s was the liberalization of industrial and trade policies by the Government. The most important changes were related to bringing down the domestic barriers to entry and expansion, to inject a measure of competition in domestic industry, simplify the procedures and provide easier access to better technology and intermediate material imports as well as more flexibility in the use of installed capacity with a view to enabling easier supply responses to changing demand conditions. These factors operating from the supply side were helped by the pursuit of what may be termed as a *liberal fiscal regimes*. The important features of liberal fiscal regime were (*i*) maintenance of high budgetary deficits year after year, (*ii*) resort to massive borrowing often at high interest rates and (*iii*) the encouragement of dissaving. Liberal fiscal regime helped in generating demand for manufactured goods, liberal industrial and trade policies ensured that an adequate *supply response* was following.
2. ***Contribution of the agricultural sector:*** Increased prosperity of large farmers in certain regions of the country helped to increase

additional demand for industrial goods. The rural sector's demand for non-agricultural consumer products rose considerably from 35 per cent in 1967–68 to 47 per cent in 1983.

3. ***Growth of service sector:*** There was a significant increase in government expenditure on all services in the 1980s. The consumption pattern of the service class is less food-intensive and more oriented towards durable consumer goods. Therefore, the consumption pattern effective demand in the 1980s changed in favour of consumer durable goods.
4. ***The infrastructure factor:*** There was a market resurgence in infrastructure investment in the 1980s. As against only 4.2 per cent per annum increase in infrastructure investment during 1965–66 to 1975–76, the increase was as high as 9.7 per cent per annum during 1979–80 to 1984–85. Infrastructure investment rose further by 16.0 per cent in 1985–86 and 18.3 per cent in 1986–87.

Phase IV (The Period 1991–92 onwards): The year 1991 heralded a new era of economic liberalization. Major liberalization measures designed to affect the performance of the industrial sector were — wide-scale reduction in the scope of industrial licensing, simplification of procedural rules, reductions of areas exclusively reserved for the public sector, disinvestment of equity of selected public sector, undertakings, enhancing the limit of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, reduction of customs and excise duties and personal and corporate income tax, etc.

The rate of growth of industrial production, which was 7.8 per cent per annum during the pre-reform decade fell to 6.0 per cent per annum during the post-reform decade. This disappointing performance was basically due to a steep fall in the rate of growth of capital goods sector as well as the basic goods sector.

The average annual rate of growth of the industrial sector in the Eighth Plan was 7.4 per cent per annum—the same as the targeted rate of growth.

An important reason for the slowdown of industrial growth in the recent past has been the slowdown of investment. It is a fact that capital formation in the public and private sectors provides a stimulus for industrial growth in the form of both the direct demand that such expenditures involve and the indirect demand resulting from income generation by investments. However, as a result of the adoption of the macroeconomic adjustment programme of the IMF in 1991, the Government of India was forced to cut down public expenditure drastically. Since there is a strong complement between public investment and private investment, a reduction in the rate of growth of public investment had a depressing effect on private investment as well.

However, the most important reason for the unsatisfactory performance of the industrial sector has been the deteriorating state of infrastructure. Industrial production has suffered not only on account of inadequate availability of

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infrastructure like power and transportation bottlenecks but also due to poor quality of infrastructure. All these factors added to the real costs of manufacture and thus adversely affected the competitiveness of domestic industry. The addition to power capacity in the Eighth Plan was less than in the Seventh Plan even in absolute terms. The performance of the industrial sector in 1998–99 was particularly disappointing with the rate of growth in this sector being just 41 per cent. The factors responsible for poor industrial growth in 1998-99 were listed in the Economic Survey under two heads (*i*) Domestic and (*ii*) External. The domestic factors were—(*a*) The decline in agricultural production in 1997–98 affected rural income, which directly resulted in lowering the demand for certain industrial products, (*b*) Capital markets remained depressed drying up sources of investment funds for industry, (*c*) Larger enterprises were in a better position to access funds. However, some of these units utilized the resources largely in mergers and acquisitions, rather than additional capacity creation and (*d*) Deficiencies in infrastructure services.

The external factors were—(*a*) Export growth being sluggish since 1996–97. This low demand for exports adversely affected industrial production. (*b*) Although the Indian rupee depreciated somewhat since August 1997, there was much greater depreciation in East Asian currencies following the East Asian crisis in mid-1997. This higher depreciation eroded the competitiveness of Indian products overseas by making them more expensive and (*c*) Several industries like steel, chemicals and electronic components were subject to competitive pressures from imports.

Five-Year Plans

The growth and development of the Indian economy is improved and enhanced with the help of the five-year plans, which are formulated, put into action and controlled by the Planning Commission.

The Planning Commission was set up in March, 1950 by a Resolution of the Government of India which defined the scope of its work in the following terms:

'The Constitution of India has guaranteed certain Fundamental Rights to the citizens of India and enunciated certain Directive Principles of State Policy, in particular, that the State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order in which justice, social, economic and political, shall inform all the institutions of the national life, and shall direct its policy towards securing, among other things:

(a) That the citizens, men and women equally, have the right to an adequate means of livelihood;

(b) That the ownership and control of the material resources of the community are so distributed as best to subserve the common good; and

(c) That the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.

Having regard to these rights and in furtherance of these principles as well as of the declared objective of the Government to promote a rapid rise in the standard of living of the people by efficient exploitation of the resources of the country, increasing production, and offering opportunities to all for employment in the service of the community.'

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Basic objectives of 12th Five-Year Plan

The basic objective for the Twelfth Plan is faster, more inclusive and sustainable growth.

A key issue is what the growth target should be. The target of 10% is being mentioned, but as per internal assessment even 9 per cent will be difficult given the constraints the country is facing. In the short to medium run, the main constraints relate to insufficient agricultural growth leading to inflation, growing skill shortages, and the unsettled global economy. In the longer run, the environment and natural resources, particularly energy and water, pose serious challenges. Therefore, a target range of GDP growth of 9 to 9.5% is being proposed.

It is felt that an inclusive growth strategy is essential to address some of the main growth constraints outlined above, and to make the target growth rate feasible. The following are the key instruments for making growth more inclusive:

(i) Better performance in agriculture (at least 4% growth).

(ii) Faster creation of jobs in manufacturing. A target has to be specified for extra jobs to be created in this sector in next 5 years. This will be worked out in greater detail, but at its heart lies the ability to spread industrial growth more widely.

(iii) Both agricultural and manufacturing growth will depend upon the creation of appropriate infrastructural facilities in a widely dispersed manner. Rural connectivity is particularly important in this regard, especially in the backward areas and the north-east.

(iv) There must be a much stronger effort at health, education and skill development

(v) Reforming the implementation of flagship programmes to increase their effectiveness in achieving the objective of greater inclusion.

(vi) Special challenges focused by vulnerable groups and backward regions. The need for a special focus on backward regions has particularly become urgent.

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Plans for the Industrial Sector

Manufacturing performance is weak. We need to raise this to create the jobs for our growing labour force. This has become a particularly urgent need since it is now clear that agriculture will no longer absorb more workers, and may indeed release some of the existing work-force. In our estimation, the manufacturing sector will have to create around 3 to 4 million jobs over and above the pace of job creation in the recent past.

We are fortunate to have an abundance of entrepreneurial talent in the country, which needs to be harnessed effectively if we are to achieve the desired growth in manufacturing. The corporate sector has largely been unfettered, and has demonstrated its dynamism. There are, however, limits to which it can grow. A large part of the additional growth will have to come from the MSME (Micro, Small and Medium Enterprises) sector, which continues to face a plethora of hurdles in realizing its true potential.

For accelerating manufacturing growth, therefore, we need a strategy to:

(i) Achieve greater domestic value addition and technological depth in Indian industry to cater to growing domestic demand and to improve our trade position.

(ii) Attract investment, including FDI, in critical areas where manufacturing capacity should be modernized and developed.

(iii) Improve the business environment and reduce the cost of doing business. This is largely an agenda item for state governments. (Procedural wrangles and corruption affect small business the most.)

(iv) Land and infrastructure constraints must be addressed effectively. Again, this is largely in the domain of the State, but the Centre can incentivize.

(v) Promoting 'clusters' is a very effective way of helping manufacturing and promoting MSMEs. State Governments should be incentivized to support clusters.

Some sectors should be given special attention because they contribute most to our objectives, for example:

i. ***Create large employment*****:** textiles and garments, leather and footwear; gems and jewelry; food processing industries

ii. ***Deepen technological capabilities*****:** Machine tools; IT hardware and electronics

iii. ***Provide strategic security*****:** telecom equipment; aerospace; shipping; defence equipment

iv. ***Capital equipment for infrastructure growth*****:** Heavy electrical equipment; Heavy transport and earth-moving equipment

v. ***Sectors with global competitive advantage*****:** Automotive; pharmaceuticals and medical equipment

vi. ***MSMEs*****:** Innovation, employment and enterprise generation

Sectoral plans are being prepared for each of the above with involvement of industry associations and the concerned Ministries.

Industrial Policy of 1956

The 1956 industrial policy had six objectives: (i) to accelerate economic growth and industrial development of the country, (ii) to expand the public sector, (iii) to prevent the growth of monopolies and the concentration of economic powers in the hands of a few people, (iv) to develop a large cooperative sector, (v) to develop heavy and machine-made industries, and (vi) to reduce disparities in wealth and income. Let us now elaborate some salient features of the new industrial policy. These are:

1. The new industrial policy divided industries into three categories having regard to the part which the State would have to play in each of them. It should be remembered that this demarcation was not rigid and it was always open to the State to undertake any types of industrial production.

   The First Category included industries, the future development which would be the exclusive responsibility to the State. There were 17 industries in this category. All the new units in these industries would be set up only by the state.

   The Second Category consisted of industries which would be progressively State-owned and in which the State would generally take initiative in establishing new units but in which private enterprise would also be expected to supplement the effort of the State. This category comprised 12 industries which were less important than those included in the first category.

   The Third Category included all the remaining industries and their future development would, in general, be left to the initiative and enterprise of the private sector. Even in this category it would be open to the State to start any new industry. Thus no field was safe from Government encroachment. It was the policy of the State to facilitate and encourage the development of these industries in the private sector in accordance with the programme formulated in successive Five-Year Plans. In special cases, the State granted financial assistance to the private sector.

2. The industrial policy statement stressed the role of cottage and village and small scale industries in the development of the national economy for they provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilization of capital and skill which might otherwise remain unutilized. Moreover, the establishment of small industries all over the country will secure a balanced development of the economy and will avoid problems connected with unplanned urbanization.

3. It reiterated that the maintenance of industrial peace was one of the prime requisites of industrial progress.

4. The Industrial Policy of 1956 also stated that, 'in order that industrialization may benefit the country as a whole, it is important that disparities in levels of industrial development between different regions be progressively narrowed down, and for this purpose the State should provide the required facilities to those areas which are lagging behind industrially or where there is greater need for providing opportunities for employment: only by securing a balanced and co-ordinated development of the industrial and the agricultural economy in each region, can the entire economy attain higher standards of living.'
5. Finally, the Industrial Policy also stated, 'the programme of industrial development envisaged in our Five-Year Plans will make large demands on the country's resources of technical and managerial personnel and to meet the needs, proper managerial and technical cadres in the public services should be established.'

The most important difference between the 1948 and the 1956 policy statements was with regard to the policy of nationalization. In the first policy, it was laid down that industries in the second category would be permitted to operate for 10 years, at the end of which the Government would decide whether to nationalize them or not. This provision discouraged private enterprise and created uncertainty in the industrial field. The 1956 policy statement removed the threat of nationalization from the minds of private entrepreneurs operating in the predominantly public sector. Thus, private enterprise was given a new opportunity to justify its existence in a socialist democracy.

The MRTP Act

The MRTP Act, 1969, extends to the whole of India except the state of Jammu and Kashmir. This law was enacted:

(i) To control and regulate concentration of economic power

(ii) To control monopolies and monopolistic trade practices unless any of them can be justified to be in the public interest; and

(iii) To prohibit restrictive trade practices.

Four types of undertakings came under the purview of this Act viz. (*i*) An undertaking which has gross assets of ₹20 crore and above, (*ii*) Inter-connected undertakings which together have assets of ₹20 crore and above, (*iii*) A dominant undertaking which has assets of ₹1 crore and above. A dominant undertaking is one which produces, supplies or controls one-third of any goods in the country, (*iv*) Inter-connected undertakings constituting a dominant undertaking and having aggregate assets of ₹1 crore or above.

Basically, the MRTP Act followed a middle course between accelerated economic growth and control of concentration of economic power. Monopolies and restrictive trade practice under this act were defined as a trade practice which results in preventing, distorting or restricting competition in any manner and which,

in particular, tends to obstruct the flow of capital or resources into the stream of production or to bring about manipulation of prices or conditions of delivery and thus imposes unjustified costs or restrictions on the consumers.

The eleven types of restrictive trade agreements mentioned in the Act were as follows:

1. Refusal to deal with particular dealers or classes of dealers;
2. Exclusive dealerships;
3. Price fixing in a concerted manner;
4. Forced buying by the purchasers of a product of another producer;
5. Discriminating between dealers in granting special benefits or concessions;
6. Resale price maintenance;
7. Exclusive distributorship;
8. Allocation of areas or markets to sole distributors;
9. Restrictions on the manufacture of process;
10. Boycott from trade association membership;
11. Price control arrangements.

These features of the act were borrowed from similar provisions in the British law on restrictive trade practices.

Amendments in the MRTP Act: The MRTP Act was amended in 1982, 1984, 1985 and 1991. In the 1982 amendments, dominant undertaking was redefined. According to the 1982 amendment, a dominant undertaking is one which produces, supplies or controls one-third of any goods in the country. After this amendment, the market share of dominant undertakings become one-fourth instead of one-third. The amendment of 1985 raised the asset threshold of undertaking from ₹ 20 crore to ₹ 100 crore for applying the provisions of the Act relating to prevention of concentration of economic power.

Industrial Policy of July 1980

While sticking to the spirit of 1956 Industrial Policy Resolution, the Congress Government announced on July 23, 1980 the new industrial policy which included major relaxations and concessions benefiting the small, medium as well as large-scale sector with the triple objects of modernization, expansion and spread to backward areas. The thrust of the concessions was in doubling the investment limit of tiny, small and ancillary sectors, regularization of the excess capacity and permitting automatic expansion facilities for large units in the priority sector and setting up of several nucleus industrial centres in industrially backward areas.

The following were the highlights of Industrial Policy of 1980:

(*i*) In order to promote the development of small-scale industries and ensure their rapid growth, the Government decided to increase the

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limit of investment in case of tiny units from ₹ 1 lakh to ₹ 2 lakh. In the case of small-scale units the limit was raised from ₹ 10 lakh to ₹ 20 lakh and from ₹ 15 lakh to ₹ 25 lakh in the case of ancillary units.

In March 1985 investment limit for small-scale industries was raised further from ₹ 20 lakh to ₹ 35 lakh. For ancillary units the investment limit was ₹ 45 lakh.

(ii) The Government decided to pursue a goal of vibrant, self-reliant and modern economy in which all sectors had a positive role to play. Therefore the Government recognized that it was desirable to allow private sector undertakings to grow in consonance with targets and objectives of national plans and policies but would not permit growth of monopolistic tendencies or concentration of economic powers and wealth in a few hands.

(iii) The Government decided to revive the efficiency of public sector undertakings. Industrial undertakings in this sector would be closely examined on a unit-by-unit basis and corrective action would be taken in terms of a time-bound programme wherever necessary.

(iv) As regards automatic growth, the Government felt that no avoidable restrictions should be placed on the fullest utilization of the existing industrial capacities. In 1975 the Government had permitted the facility for automatic expansion in respect of only 15 industries. The extent of increased capacity permitted in these industries was limited to 5 per cent per annum or 25 per cent in a Five-Year Plan period and could be undertaken in one or more stages. The Government announced that this facility would be extended to other industries also.

(v) The 'district industrial centre' idea which was introduced by the Janata Government did not receive full support from the 1980 Industrial Policy Statement. On the district industrial centre programme, the 1980 policy pointed out that the scheme had not produced benefits commensurate with the expenditure incurred. The Government therefore, decided to initiate more effective schemes.

(*vi*) In the context of development of backward areas, the New Policy Statement mentioned nucleus plants which would radiate industrial impulses all round. The so-called concept of nucleus plants when implemented, was expected to concentrate mainly on assembling the products of ancillary units falling within their orbit.

(*vii*) The 1980 policy refered to considerable simplification and streamlining of licensing procedures and conceded that there was scope for further improvement in reducing the time taken for disposal of applications for the creation of new capacities, proposal for substantial expansion and production of new items. It was proposed to speed up the process of examination and decision-making in the sphere of industrial licensing.

(*viii*) The Government endeavoured to ensure that the process of modernization percolated down to small units and the villages. For this purpose, incentives available to the large-scale sector was also be made available to the decentralized sector.

(*ix*) According to the new policy, industrial processes and technologies which would aim at optimal utilization of energy or the exploitation of alternative sources of energy would be given special assistance, including finance on concessional terms.

Elements in the Industrial Policy of Rajiv Gandhi's Government

(*i*) Upward revision of asset limit of MRTP (Monopolies and Restrictive Trade Practices) companies from ₹ 20 crores to ₹ 100 crores. In the Union Budget for 1985-86, the Finance Minister announced a steep upward revision in the threshold limit of MRTP Companies from ₹ 20 crores to ₹ 100 crores.

(*ii*) Automatic Expansion Permission was granted for expansion of existing industrial units up to 1/3rd of their capacity in case industries had already utilized 93 per cent of their installed capacity.

(*iii*) Upward revision in delicensing of investments under the Industries (Development and Regulation) Act, 1951 from ₹ 3 crores to ₹ 5 crores subject to formal requirement of registration of such units. In April 1983, the exemption limit for industrial licensing was raised from ₹ 3 crores to ₹ 5 crores.

(*iv*) Complete de-licensing of 25 industries in March 1985.

(*v*) *Redefinition of investment criteria of small-scale and ancillary industries:* The investment limit of ₹ 20 lakh for small-scale industries was raised to ₹ 35 lakh and that of ancillary units was enhanced from ₹ 25 lakh to ₹ 45 lakh. These limits were further raised for small-scale industries to ₹ 60 lakh and for ancillary units to ₹ 75 lakh.

(*vi*) *Industries exempted from Section 21 and 22 of MRTP Act for MRTP/ FERA companies for backward areas:* The Government of India earlier delicensed broad categories of industries along with 82 bulk drugs for non-MRTP and non-FERA companies subject to production of items reserved for the small-scale sector and certain locational considerations. Later, it was decided to extend the scheme of delicensing also to MRTP and FERA companies in respect to 22 out of 27 industries exempted under section 22A of the MRTP Act provided such undertaking apply for locating these units in centrally declared backward areas.

(*vii*) *Setting up of industries by MRTP companies in no-industry districts and other backward districts*: According to the earlier policy, MRTP and FERA companies were permitted to set up industrial units in areas of high technology. Their entry into other fields was subject to export obligation of

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60 per cent with a view to industrialize backward regions within the country. The level of export obligation was reduced to 50 per cent for categories B and C districts and 30 per cent for category A districts in 1983. In order to give an impetus to the industrialization of backward areas it was now decided to reduce the level of export obligation to only 25 per cent for category B and C districts and to totally dispense with export obligations in respect of category A backward districts.

(viii) *Revision of foreign exchange limits for imports of new materials and components for the purpose of exemption from licensing:* Industrial undertakings with investment below ₹ 5 crores are not required to obtain any industrial license under the Industries (Development and Regulation) Act but one of the conditions of the exemption from licensing was that the foreign exchange requirement for import of raw materials and components in such cases should not exceed 15 per cent of the ex-factory value of industrial production or ₹ 40 lakh, whichever was less. If the import requirement exceeded this limit, even units with investments below ₹ 5 crores would require an industrial license. On account of rise in cost of raw materials it has now been decided to raise the limit to ₹ 75 lakh subject to a ceiling of 15 per cent of the cost of ex-factory value of industrial production. This limit would not however, apply in case of industries in respect of which specific phased manufacturing programmes have been approved by the Government.

Industrial Policy Resolution of 1991

In 1991, the Government of India announced a new industrial licensing policy with respect to the following areas:

1. Industrial Licensing
2. Foreign Investment and Technology Agreements
3. Public Sector Policy
4. MRTP Act

A package for the small and tiny sectors of industry was announced separately.

1. **Industrial Licensing Policy:** The Government of India in 1991 announced that the industrial licensing policies that were in existence would be abolished for all except a few industries (18 sectors) which required regulation because of security and strategic concerns, social reasons, chemical hazards, environmental protection and curbing elitist consumption. Among these industries were cars, sugar, cigarettes, colour TV and VCRs, white goods like air-conditioners, refrigerators and electronic washing machines.

   All registration scheme including DGTD were abolished, entrepreneurs now only had to file an information memorandum on new projects and expansions.

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Eight areas where strategic and security concerns predominate continued to be reserved for public sector.

Announcing the changes, the Government of India stated that, 'The exemption from licensing will be particularly helpful to the many dynamic small and medium entrepreneurs who have unnecessarily been hampered by the licensing system. As a whole, the Indian economy will benefit by becoming more competitive, more efficient and modern and will take its rightful place in the world of industrial progress.'

Moreover, after the new policies were announced, no industrial approvals were required for putting up plants in locations other than cities with a population of more than one million. Where the population was more than one million, industries (with the exception of electronics, computer software and printing) would have to set up units outside a 25-km radius, except in prior designated industrial areas.

As per the industrial policy statement, the mandatory convertibility clause was no longer applicable for term loans from financial institutions for new projects by large houses.

With the sweeping liberalization measures, the existing procedures were streamlined accordingly. All existing registration schemes were abolished.

2. **Foreign investment and technology agreements:** Announcing the new policies in regard to foreign investment, the Government of India stated that, 'While freeing Indian industry from official controls, opportunities for promoting investments in India should also be fully exploited. Foreign investment would bring attendant advantages of technology transfer, marketing expertise, introduction of modern managerial techniques and new possibilities for promotion of exports. This is particularly necessary in the changing global scenario of industrial and economic cooperation marked by mobility of capital. The government will therefore, welcome foreign investment, which is in the interest of the country's industrial development.'

   In order to invite foreign investment in high priority industries requiring large investment and advanced technology, the government decided to provide approval for direct foreign investment up to 51 per cent foreign equity in 34 groups of high priority industries. These included commercial vehicles and two-wheelers, inorganic fertilizers, chemicals, man-made fibres, drugs and pharmaceuticals, paper, tyres, port-land, cement, hotels, many food-processing industries, soya products and industrial and agricultural machinery. This change went a long way in making the Indian policy on foreign investment transparent. Such a framework made it attractive for companies abroad to invest in India.

   The government also increased foreign equity up to 51 per cent in trading companies primarily engaged in export; these companies were to be treated

on par with domestic trading and export houses as per the import-export policy.

Special Empowered Board were also set up to negotiate with large international firms for direct investment in select areas; the aim was to attract substantial investment that would provide access to high technology and world markets.

With a view to injecting the desired level of technological dynamism in Indian industry, the Government also provided automatic approval for technology agreements related to high priority industries within specified areas, subject to certain conditions. Similar facilities were also made available for other industries as well if such agreements did not require the expenditure of free foreign exchange. Indian companies were now free to negotiate the terms of technology transfer with their foreign counterparts according to their own commercial judgement.

3. **Public Sector Policy:** Before 1991, the public sector was central to India's philosophy of development. Public ownership and control in critical sectors of the economy played an important role in preventing the concentration of economic power, reducing regional disparities and ensuring that planned development serves the common good.

   The industrial policy resolution of 1956 gave the public sector a strategic role in the economy. Massive investments were made over 50 years to build a public sector which had a commanding role in the economy. However, a number of problems manifested themselves in many of the public enterprises. In addition, public enterprises had a very low rate of return on the capital invested. Thus, in announcing the new economic policies in 1991, the Government stated that, 'Many of the public enterprises have become a burden rather than being an asset to the Government. The original concept of the public sector has also undergone considerable dilution. The most striking example is the takeover of sick units from the private sector. This category of public sector units accounts for almost one-third of the total losses of central public enterprises.'

   Therefore, the Government decided to adopt a new approach to public enterprises. The priority areas for growth of public enterprises according to the policies announced in 1991 were:

   (*a*) Essential infrastructure goods and services;

   (*b*) Exploration and exploitation of oil and mineral resources;

   (*c*) Technology development and building of manufacturing capabilities in areas which are crucial in the long-term development of the economy and where private sector investment is inadequate;

   (*d*) Manufacture of products where strategic considerations predominate such as defence equipment. At the same time the public sector will not be barred from entering areas not specifically reserved for it.

The Government wanted strengthen those public enterprises which fell in the reserved areas of operation or were generating good or reasonable profits. Such enterprises were provided a much greater degree of management autonomy through the system of memorandum of understanding. Competition was induced in such areas by inviting private sector participation. In the case of selected enterprises, a part of government holdings in the equity share capital of these enterprises was disinvested in order to provide further market discipline to the performance of public enterprises. There was a large number of chronically sick public enterprises incurring heavy losses that served little public purpose. Those need to be attended to.

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New Public Sector Policy: According to the new public sector policy, 'The low rate of return on capital invested has reduced the ability of the public enterprise to regenerate themselves in terms of new investments as well as in new technology development. This has resulted in many of the public enterprises becoming a burden rather than an asset to the Government. The new Industrial Policy of 1991 has redefined the role of the public sector. Public sector in the future will be restricted to essential infrastructure goods and services, exploration of oil and mineral resources and manufacture of products where strategic considerations predominate such as defence equipment.'

In the new Industrial Policy of 1991, the number of industries reserved for the public sector was reduced to 8. The scrapping of Schedule B, which contained a list of 12 industries where public sector was to play a dominant role was also an important policy change.

4. **MRTP Act:** The principal objectives sought to be achieved through the MRTP Act were as follows:
   (*i*) Prevention of concentration of economic power to the common detriment
   (*ii*) Control of monopolies,
   (*iii*) Prohibition of monopolistic and restrictive and unfair trade practices.

With the growing complexity of industrial structure and the need for achieving economies of scale for ensuring higher productivity and competitive advantages in the international market, the interference of the government through the MRTP Act in investment decision of large companies had become deleterious in its effects on Indian industrial growth. Due to the new policy, the pre-entry scrutiny of investment decisions by so-called MRTP Companies were longer be required. The provisions relating to merger, amalgamation, and takeover would also be repealed. Similarly, the provisions regarding restrictions on acquisition of and transfer of shares would be appropriately incorporated in the Companies Act.

Given below are some of the salient features of the Industrial Policy Resolution, 1991:

- An increase in the investment limit of tiny sector to ₹ 5 lakhs from ₹ 2 lakhs
- Up to ₹ 75 lakhs of rise in the investment limit of ancillary units and export oriented units
- The share of service sectors to be identified as tiny sector
- Support provided by the national equity fund up to ₹ 10 lakhs
- Projects that require ₹ 20 lakhs are provided single window loan facility
- Institutional finance made easily accessible
- Composite loans provided by commercial banks under single window scheme
- Priority given to small scale units and tiny units when allocating indigenous raw materials
- Khadi and Village Industries commission set up and the board to extend
- Traditional village industries given more preference

Check Your Progress

4. Why did the Indian industrial structure exhibit the features of an underdeveloped economy before the first Five Year Plan?
5. What are the important features of liberal fiscal regime?
6. Why was the MRTP Act, 1969 enacted?

10.4 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. A planned economy is an economic system in which the economy is directed by the state.
2. After the end of the British Raj, Independent India decided to follow a centralized planning approach to its development. In this regard the Planning Commission was set up.
3. The charge of the Planning Commission was to assess all the resources of the country, increasing deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities.
4. Before the First Plan, industrial development in India was confined largely to the consumer goods sector, the important industries being cotton textiles, sugar, salt, soap, paper and leather goods. Thus, the industrial structure exhibited the features of an underdeveloped economy.

5. The important features of liberal fiscal regime were (*i*) maintenance of high budgetary deficits year after year, (*ii*) resort to massive borrowing often at high interest rates and (*iii*) the encouragement of dissaving.
6. The MRTP Act, 1969 was enacted:
   (i) To control and regulate concentration of economic power
   (ii) To control monopolies and monopolistic trade practices unless any of them can be justified to be in the public interest; and
   (iii) To prohibit restrictive trade practices.

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10.5 SUMMARY

- After the end of the British Raj, Independent India decided to follow a centralized planning approach to its development. In this regard the Planning Commission was set up.
- India's first Prime Minister, Jawaharlal Nehru set up the Planning Commission with a Government of India resolution in March 1950. The Planning Commission was set up in pursuance of the declared objectives of the government, which was to promote a swift rise in the standard of living of the people by the efficient utilization of the resources of the country, increasing production and offering opportunities to all for employment in the service of the community.
- Nehru was the first chairman of the Planning Commission, a post that has been held by all subsequent prime ministers. The charge of the Planning Commission was to assess all the resources of the country, increasing deficient resources, formulating plans for the most effective and balanced utilization of resources and determining priorities.
- The 'Nehru-Mahalanobis' model was formulated by Prof. P. C. Mahalanobis under the guidance of Nehru. The 'Nehru-Mahalanobis Model' became the basis of the second five-year plan and continued to be guiding principle of all subsequent plans with small alterations until 1977 when the Janata Party came into power and conceived of the Gandhian model.
- Industry accounts for 26% of GDP and employs 22% of the total workforce in India. Industrial growth is a great indicator of the overall economic health of a country, including the level of income, state of modernization, growth of infrastructure and self-sufficiency.
- India started her quest for industrial development after Independence in 1947. The Industrial Policy Resolution of 1948 marked the beginning of the evolution of the Indian Industrial Policy. The resolution not only defined the broad contours of the policy, it delineated the role of the state in industrial development both as an entrepreneur and as an authority.

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- The Industrial Policy initiatives undertaken by the Government since July 1991 have been designed to build on the past industrial achievements and to accelerate the process of making Indian industry internationally competitive.
- Thus it was decided that India would be a mixed economy in which both the public and private enterprises would work side by side for the economic development of the country. It was a compromise between private capitalism and state socialism.
- In the Industrial Policy Statement of 1948, industries were divided into four categories. The *first category* included strategic industries such as the manufacture of arms and ammunition, the production and control of atomic energy and the ownership and management of railway transport. The *second category* included basic and key industries such as coal, iron and steel, ship-building, aircraft manufacture and manufacture of telephone, telegraph and wireless apparatus and mineral oils.
- In the *third category* there was a list of 18 basic industries. These industries would ordinarily be operated by private enterprise but would be subject to central regulation and control. The other industries would normally be opened to private enterprise, individual as well as co-operative.
- The Government's policy gives the following assurances to foreign capital: (*i*) there will be no discrimination between foreign and Indian undertakings in the application of general industrial policy; (*ii*) reasonable facilities would be given for the remittance of profits and repatriation of capital consistent with foreign exchange position of the country; and (*iii*) in the event of nationalization, fair and equitable compensation would be paid.
- The Industrial Policy of 1948 envisaged a mixed economy. In a mixed economy the entire economic system is divided into three parts:
  (*i*) Sectors exclusively controlled and managed by the private enterprise subject to the general control and regulation by the state;
  (*ii*) Sectors which are exclusively controlled and managed by the state; and
  (*iii*) Sectors which are jointly managed and controlled by the State and private enterprise.
- The Second Plan accorded top priority to programmes of industrialization which would be clear from the fact that the expenditure on industry and minerals was increased to ₹ 938 crore under this plan which was 20.1 per cent of the total expenditure of ₹ 4672 crore.
- Phase I (1951-56) laid the basis for industrial development in the future. The Second Plan, based on the Mahalanobis Model emphasized the

development of capital goods industries and basic industries. Accordingly, huge investments were made in industries like iron and steel, heavy engineering and machine-building industries. The same pattern of investment was continued in the Third Plan as well.

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- The period 1965 to 1976 was marked by a sharp deceleration in industrial growth. The government expressed the view that exogenous factors such as the wars of 1965 and 1971, drought conditions in some years, infrastructural constraints and bottlenecks and the oil crisis of 1973 were responsible for slowdown of growth.
- The year 1991 heralded a new era of economic liberalization. Major liberalization measures designed to affect the performance of the industrial sector were — wide-scale reduction in the scope of industrial licensing, simplification of procedural rules, reductions of areas exclusively reserved for the public sector, disinvestment of equity of selected public sector, undertakings, enhancing the limit of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, reduction of customs and excise duties and personal and corporate income tax, etc.
- As a result of the adoption of the macroeconomic adjustment programme of the IMF in 1991, the Government of India was forced to cut down public expenditure drastically. Since there is a strong complement between public investment and private investment, a reduction in the rate of growth of public investment had a depressing effect on private investment as well.
- The basic objective for the Twelfth Plan is faster, more inclusive and sustainable growth. A large part of the additional growth will have to come from the MSME (Micro, Small and Medium Enterprises) sector, which continues to face a plethora of hurdles in realizing its true potential.
- The 1956 industrial policy had six objectives: (i) to accelerate economic growth and industrial development of the country, (ii) to expand the public sector, (iii) to prevent the growth of monopolies and the concentration of economic powers in the hands of a few people, (iv) to develop a large cooperative sector, (v) to develop heavy and machine-made industries, and (vi) to reduce disparities in wealth and income.
- The 1956 Industrial Policy statement stressed the role of cottage and village and small scale industries in the development of the national economy for they provide immediate large-scale employment, offer a method of ensuring a more equitable distribution of the national income and facilitate an effective mobilization of capital and skill which might otherwise remain unutilized.

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- The MRTP Act, 1969, extends to the whole of India except the state of Jammu and Kashmir. This law was enacted:
  - (i) To control and regulate concentration of economic power
  - (ii) To control monopolies and monopolistic trade practices unless any of them can be justified to be in the public interest; and
  - (iii) To prohibit restrictive trade practices.
- Monopolies and restrictive trade practice under this act were defined as a trade practice which results in preventing, distorting or restricting competition in any manner and which, in particular, tends to obstruct the flow of capital or resources into the stream of production or to bring about manipulation of prices or conditions of delivery and thus imposes unjustified costs or restrictions on the consumers.
- While sticking to the spirit of 1956 Industrial Policy Resolution, the Congress Government announced on July 23, 1980 the new industrial policy which included major relaxations and concessions benefiting the small, medium as well as large-scale sector with the triple objects of modernization, expansion and spread to backward areas.
- In 1991, the Government of India announced a new industrial licensing policy with respect to the following areas:
  1. Industrial Licensing
  2. Foreign Investment and Technology Agreements
  3. Public Sector Policy
  4. MRTP Act
- The Government of India in 1991 announced that the industrial licensing policies that were in existence would be abolished for all except a few industries (18 sectors) which required regulation because of security and strategic concerns, social reasons, chemical hazards, environmental protection and curbing elitist consumption.
- In order to invite foreign investment in high priority industries requiring large investment and advanced technology, the government decided to provide approval for direct foreign investment up to 51 per cent foreign equity in 34 groups of high priority industries. The government also increased foreign equity up to 51 per cent in trading companies primarily engaged in export.
- The Government decided to adopt a new approach to public enterprises. The priority areas for growth of public enterprises according to the policies announced in 1991 were:
  - (*a*) Essential infrastructure goods and services;
  - (*b*) Exploration and exploitation of oil and mineral resources;
  - (*c*) Technology development and building of manufacturing capabilities;

(*d*) Manufacture of products where strategic considerations predominate such as defence equipment.

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10.6 KEY WORDS

- **Industrial Policy:** It is a country's official strategic effort to encourage the development and growth of all or part of the economy, often focused on all or part of the manufacturing sector.
- **Five-year Plan:** It is a government plan for economic development over five years.
- **MRTP Act:** It is Monopolistic and Restrictive Trade Practice Act. It was enacted to ensure that the operation of the economic system does not result in the concentration of economic power in hands of few.
- **Foreign investment:** It is an investment in the form of a controlling ownership in a business in one country by an entity based in another country.

10.7 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. What is the importance of industry in India's economy?
2. What assurances does the Government's Industrial Policy, 1948 give to foreign capital?
3. State the objectives for the industrial sector in the Seventh Plan.
4. What are the key instruments for making growth more inclusive?
5. Which strategies do we need for accelerating manufacturing growth?
6. List the eleven types of restrictive trade agreements mentioned in the MRTP Act, 1969.
7. What is Industrial Licensing Policy in Industrial Policy Resolution of 1991?
8. Which areas were prioritised for growth of public enterprises according to the policies announced in 1991?

Long-Answer Questions

1. Discuss the Nehru–Mahalanobis Model's justifications for greater emphasis on heavy industry.
2. 'It was a compromise between private capitalism and state socialism.' Explain.
3. How many categories of industries were divided in the Industry Policy Statement of 1948? Explain.

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4. Analyse the growth of Indian industry since independence.
5. 'The period of the 1980s can broadly be termed as a period of industrial recovery.' Elucidate the statement.
6. Illustrate the factors responsible for poor industrial growth in 1998-99.
7. Describe the salient features of the 1956 industrial policy.
8. Give an overview of the Industrial Policy of 1980.

10.8 FURTHER READINGS

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UNIT 11 DEVELOPMENTS IN SCIENCE AND AGRICULTURE

Structure

11.0 Introduction
11.1 Objectives
11.2 Development of Science and Technology
11.3 Green Revolution
11.4 White Revolution
11.5 Answers to Check Your Progress Questions
11.6 Summary
11.7 Key Words
11.8 Self Assessment Questions and Exercises
11.9 Further Readings

11.0 INTRODUCTION

Science and technology have always been an integral part of Indian culture. Natural philosophy, as it was termed in those ancient times, was pursued vigorously at institutions of higher learning. The Indian Renaissance, which coincided with our independence struggle, at the dawn of 1900s witnessed great strides made by Indian scientists. This innate ability to perform creatively in science came to be backed with an institutional setup and strong state support after the country's independence in 1947. Since then, the Government of India has spared no effort to establish a modern S&T infrastructure in the country. The Department of Science and Technology plays a pivotal role in promotion of science and technology in the country. India is a global agricultural powerhouse. It is the world's largest producer of milk, pulses, and spices, and has the world's largest cattle herd (buffaloes), as well as the largest area under wheat, rice and cotton. The country has some 195 m ha under cultivation of which some 63 per cent are rainfed (roughly 125m ha) while 37 percent are irrigated (70m ha). In addition, forests cover some 65m ha of India's land. The sharp rise in food-grain production during India's Green Revolution of the 1970s enabled the country to achieve self-sufficiency in food-grains and stave off the threat of famine. Agricultural intensification in the 1970s to 1980s saw an increased demand for rural labour that raised rural wages and, together with declining food prices, reduced rural poverty. Today, India is the largest producer of milk in the world and the credit is given to the Operation Flood. This unit offers detailed information pertaining to scientific education and scientific

research & development policies, schemes, documents and programmes for scientists, researchers, scholars and students. We will also study about the role of Green Revolution and the White Revolution in increasing foodgrain and milk production in India.

11.1 OBJECTIVES

After going through this unit, you will be able to:

- Discuss the initiatives taken by the Indian government for promoting Science and Technology
- Describe the objectives and the impact of Green Revolution
- Explain the significance of White Revolution to increase milk production

11.2 DEVELOPMENT OF SCIENCE AND TECHNOLOGY

In about sixty years since Independence, India has been committed to the task of promoting the spread of science. The key role of technology as an important element of national development is also well recognized. The Scientific Policy Resolution of 1958 and the Technology Policy Statement of 1983 enunciated the principles on which the growth of science and technology in India has been based over the past several decades. Unveiling the Science and Technology Policy, 2003, the then President of India, A.P.J. Abdul Kalam said:

> Today India has become one of the strongest in the world in terms of scientific manpower in capability and maturity. Hence, we are in a position not only to understand the technologies that we may have to borrow, but also to create our own technologies with extensive scientific inputs of indigenous origin. Basically we have come a long way since our independence, from mere buyers of technology to those of who have made science and technology as an important contributor for national development and societal transformation. In a world where the powers are determined by their share of the world's knowledge, reflected by patents, papers and so on, the WTO starts to play a crucial role in the economic development. It is important for India to put all her acts together to become a continuous innovator and creator of science and technology intensive products.

India's science and technology policies have emphasized self-reliance, as also sustainable and equitable development. They embody a vision and strategy that are applicable today, and would continue to inspire us in our endeavours. These policies were greatly influenced by an awakening of modern science in India through the efforts of a number of outstanding scientists, such as P.C. Ray,

J.C. Bose, S. Râmânujan, C.V. Raman, Meghnad Saha, Homi Jehangir Bhabha and Vikram Ambalal Sarabhai, during the century prior to Independence.

Research Activities and Promotions

Since independence in 1947, Indian scientific research and technological developments have been impressive with most of their funding from the government. In our Five-Year Plans, science and technology initiatives have been important aspects. India has been endeavouring to develop leading scientists and world-class research institutes. The government-sponsored scientific and technical developments have contributed to diverse fields, such as agriculture, biotechnology, cold regions research, space, transportation, nuclear power, communications, environment, industry and mining. As a result, India has experts in fields such as astronomy and astrophysics, molecular biology, virology, liquid crystals, condensed matter physics and crystallography.

Let us discuss the important initiatives taken by the Government of India to promote science and technology in the country.

Science and Engineering Research Council (SERC)

The Science and Engineering Research Council (SERC) was established in 1974 and is an apex body through which the Department of Science and Technology (DST), Government of India promotes R&D programmes in newly emerging and challenging areas of science and engineering. SERC is composed of eminent scientists, technologists drawn from various universities/national laboratories and industry. This Council is assisted by Programme Advisory Committees (PACs) in various disciplines of Science & Engineering.

Objectives

- To promote research in newly emerging frontier areas of science and engineering including multidisciplinary fields
- To selectively promote the general research capability in relevant areas of science and engineering taking into account capability of the host institutions
- To encourage young scientists to take up challenging R&D activities
- To give special encouragement to projects from relatively small and less endowed University Departments and Institutions
- To encourage patenting facilities to scientists and technologists in the country for Indian and foreign patents on a sustained basis

Activities

- Project support to scientists in challenging areas in various disciplines
- Unit and core group around outstanding scientists
- Training programmes involving young scientists

- SERC Student Fellowships
- SERC Chairs in key areas of S&T
- Setting up of Research support facilities
- Organization of Summer/Winter Schools
- Women's scientist scheme

The mandate of research supported by the SERC includes increased and expanded knowledge in basic research, excellence in science and engineering, innovation and promotion of selected areas, encouragement for industrial partnership in projects under engineering and technology, training of manpower for future requirement and encouragement to young scientists and students

SERC has the broad mission of promoting and challenging new areas of science and engineering with focus on basic research in all disciplines. It also encourages involvement of academic and research institutions to undertake research in identified areas. It also acts as a mechanism for inter agency coordination with other S&T agencies for better management of R&D funding through joint/ complimentary funding in major projects. This is so since other S&T agencies fund R&D in their specialized areas, such as agriculture (ICAR), health (ICMR), defence (DRDO), space (DoS), atomic energy (DAE), non-conventional energy (MNES) etc.

SERC Schools

SERC Schools are to encourage young scientists to take up challenging research and development activities. The Program Advisory Committee is promoting the programme in disciplines like life, chemical, physical and engineering sciences.

Intensification of Research in High Priority Areas (IRHPA)

The programme for Intensification of Research in High Priority Areas (IRHPA) was launched during the Sixth Five-Year Plan to strengthen research in high priority areas. This is meant to set up Core Groups, Centres of Excellence and National Facilities in frontline and emerging fields of science and engineering. This has had significant impact on the national and international scientific scene in terms of quality and quantity of work in important fields such as neurobiology, solid state chemistry, nano-materials, materials science, surface science, plasma physics, macromolecular crystallography and ultrafast processes.

Some of the noteworthy facilities are:

- National Facility for High Field NMR (Mumbai)
- Centre for Fuel Cell Technology (Chennai)
- Centre for Display Technologies (Kanpur)

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- National Facility for Isotope Discrimination Studies for Water Use Efficiency (Bangalore)
- National Facility for Photolabelling and Peptide Sequencing in Biomolecular System (Mumbai)
- Materials Science Beam Line Facility at the Nuclear Science Centre (New Delhi)

Mission on Nano Science and Technology (Nano Mission)

Building upon the promotional activities carried out as part of the Nano Science and Technology Initiative (NSTI) is the highly promising and competitive area of Nano Science and Technology, the Government of India launched a Mission on Nano Science and Technology (Nano Mission) in May 2007.

Ramanujan Fellowships

Nominations are invited for the 'Ramanujan Fellowships' recently instituted by the Government of India. The fellowship is meant for brilliant scientists and engineers from all over the world to take up scientific research positions in India, especially those scientists who want to return to India from abroad. The fellowships are scientist-specific and very selective. The Ramanujan Fellows could work in any of the scientific institutions and universities in the country and they would be eligible for receiving regular research grants through the extramural funding schemes of various S&T agencies of the Government of India.

Fund for Improvement of S&T Infrastructure in Higher Educational Institutions (FIST)

In recent years, great concern has been expressed about lack of infrastructure facilities for imparting good quality higher education and conducting advanced research. While the departments in universities and other higher educational institutions had made some impact on the development of teaching and research through their own efforts, a stage had reached where they needed selective strengthening of their infrastructure for post-graduate education and research in emerging areas. It had also become necessary to extend such infrastructure support to other higher technical and medical educational institutions. Considering all these factors, the new scheme 'Fund for Improvement of S&T Infrastructure in Universities and Higher Educational Institutions (FIST)' was launched in 2000–2001.

Apart from support for basic equipment necessary for imparting quality teaching and modernization of laboratories provided to a large number of departments, support for creation of a few major facilities has also been provided. The major facilities include Ion Chromatography Systems, Automated DNA Sequencers, Ultracentrifuges, X-ray Diffraction set up, Scanning Probe Microscope, Oligonucleotide Synthesizer, Molecular Imaging System, Small-size

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Liquid Nitrogen Plant, High Resolution Powder X-ray Diffractometer, Single Crystal X-ray Diffractometers, Mass Spectrometer, Thermal Analyser Systems, Plasma Deposition Etching System, Universal Testing Machines, Electron Microprobe Analyser, High Resolution Microscopes, Protein Sequencing Platform, Scanning Tunnelling Microscope, Vacuum Melting Furnace and Mass Spectrometer. For accessing internet and other computational facilities by students and faculty members, support has also been provided to a large number of departments for creation of a 'Central Computer Lab' in the department.

Support is given for a period of five years. Support is aimed at three levels:

Level 0

- Colleges with relatively active teaching.
- Moderate funding for improving teaching quality.

Level I

- University/Institute departments with active teaching & research.
- Moderate funding for improving teaching & research quality.

Level II

- Well Established Department.
- Substantial Funding for State-of-The-Art Equipment & for GLP

Sophisticated Analytical Instrument Facilities (SAIFs)

The Department of Science and Technology (DST) is providing facilities of sophisticated analytical instruments to researchers through its Sophisticated Analytical Instrument Facilities (SAIF) Programme so that the non-availability of these instruments in their institutes may not come in the way of scientists in pursuing R&D activities requiring such facilities and they are able to keep pace with developments taking place globally. Thirteen Sophisticated Analytical Instrument Facilities (SAIFs) which provide sophisticated analytical instruments to users are functioning at IIT, Chennai; IIT, Mumbai; Bose Institute, Kolkata; CDRI, Lucknow, Panjab University, Chandigarh; NEHU, Shillong; Nagpur University, Nagpur; IISc., Bangalore; AIIMS, New Delhi; Gauhati University, Guwahati; IIT, Roorkee; C.V.M., Vallabh Vidyanagar, Gujarat and STIC, Cochin. The instruments available at the SAIFs include SEM, TEM, EPMA, Mass, ICP, NMR, EPR Spectrometers, XRD, Thermal Analysis Systems, Gel Permeation Chromatograph, Mercury Porosimeter and accessories such as Graphite Furnace and Hydride Generator.

About 8,000 scientists/users are utilizing the facilities at the SAIFs annually. The SAIFs regularly organize short term courses/training programmes on use and application of various instruments and analytical techniques to create awareness among the users about them and on maintenance/repair/operation of instruments for technicians.

Objectives

- To carry out analysis of samples received from the scientists/institutes
- To provide facilities of sophisticated analytical instruments to scientists and other users from academic institutes, R&D laboratories and industries to enable them to carry out measurements for R&D work
- To acquire and develop capability for preventive maintenance and repair of sophisticated instruments
- To organize short term courses/workshops on the use and application of various instruments and analytical techniques
- To train technicians for maintenance and operation of sophisticated instruments
- To undertake design and development of instruments/accessories of existing instruments

Check Your Progress

1. What is the mission of SERC?
2. What is the programme for Intensification of Research in High Priority Areas (IRHPA)?

11.3 GREEN REVOLUTION

The Green Revolution was a programme launched by the Government of India for agricultural modernization. It was largely funded by international agencies and focused on providing high-yielding variety (HYV) or hybrid seeds along with pesticides, fertilizers and other inputs to farmers. The Revolution was based on the biochemical innovations that include high-yielding varieties, chemical fertilizers and pesticides.

Basics of Green Revolution

The term 'Green Revolution' is mainly applicable to a period of Indian agriculture from 1967–1978. The efforts at achieving food self-sufficiency, made between 1947 and 1967, were not entirely successful. The efforts till then largely concentrated on expanding the farm lands but starvation deaths were still being reported in the newspapers. In a perfect case of Malthusian economics, the population was growing at a much faster rate than that of food production and this required drastic action to increase yield. The solution came in the form of the Green Revolution. However, it must be noted that the term 'Green Revolution' is a general one that is applicable to successful agricultural experiments in various countries and is not specific to India.

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The Green Revolution programmes were introduced only in areas that had assured irrigation because sufficient water was necessary for the new seeds and methods of cultivation. It was targeted mainly at the wheat and rice-growing areas. As a result, only certain states such as Punjab, western Uttar Pradesh, coastal Andhra Pradesh and parts of Tamil Nadu received the first wave of the Revolution.

There are a number of components of this approach, which are as follows:

1. The use of seeds with improved genetics, that is, improved technology in the form of new high-yielding varieties (HYVs) of crops.
2. The various practices consisting of appropriate application of chemical fertilizers, pesticides and irrigation facilities which are necessary for the technology to be effective.
3. An overall strategy including government policies for the provision and subsidy on inputs, remunerative prices for output and availability of credit.
4. Continued expansion of farming areas.
5. Double-cropping on existing farmland.

This has been the broad strategy for agricultural growth followed by India since the mid-1960s.

Factors Responsible for Adopting New Programmes in Agriculture

The factors that led to the adoption of new programmes in agriculture are as follows:

- **Food shortage:** India was facing food shortages from the mid-1950s to the mid-1960s. This created a national crisis, despite the very creditable growth of agricultural output between 1949 and 1965 of about 3 per cent per annum. During this period, agricultural growth had begun to stagnate. The massive jump in population growth after Independence from about 1 per cent in the previous fifty years to about 2.2 per cent per annum, the slow rise in the per capita income and the huge (and rising with each Five Year Plan) outlay towards planned industrialization put long-term pressures on Indian agriculture. This, for example, created a demand for food which the Indian markets were not able to meet fully. From the mid-1950s, food prices experienced an upward push. To meet the food shortage and to stabilize prices, India was forced to import increasing amounts of food.
- **Controversial agreements under the PL-480 scheme:** The controversial agreements made by India to import food from the United States of America under the PL-480 scheme started in 1956. Nearly three million tonnes of foodgrains were imported under this scheme in the very first year and the volume of imports kept rising thereafter, reaching more than four and a half million tonnes in 1963. During this period came the two wars with China (1962) and Pakistan (1965) and two successive drought years in 1965-66

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leading to the decline of agricultural output by 17 per cent and food output by 20 per cent. Food prices shot up, rising at the rate of nearly 20 per cent per annum between 1965 and 1968. India was forced to import more than ten million tonnes of foodgrains in 1966. It is in this moment of crisis, with famine conditions emerging in various parts of the country, especially in Bihar and Uttar Pradesh, that the US threatened to renege on commitments of food exports to India.

- **Policy of economic self-reliance and self-efficiency:** Given this scenario of the mid-1960s, economic self-reliance and particularly food self-sufficiency became the top priority objectives of the Indian economic policy and for that matter, of the foreign policy.

The New Agricultural Strategy began to be implemented in right earnest. The then Prime Minister, Lal Bahadur Shastri, Food Minister, C. Subramaniam and Indira Gandhi (who followed Shastri in 1966 after his brief tenure) all fully supported and crafted this basic transition in the strategy for developing Indian agriculture. The World Bank-appointed Bell Mission recommended such a transition and the US pressed in its favour, but they, appear to have been 'leaning on open doors', as a considerable consensus in favour of such a change had emerged within India.

Critical inputs like the high-yield variety (HYV) seeds, chemical fertilizers and pesticides, agricultural machinery like tractors and pump sets, soil-testing facilities, agricultural education programmes and institutional credit were concentrated on areas which had assured irrigation and other natural and institutional advantages. Around 32 million acres of land, about 10 per cent of the total cultivated area, was, thus, initially chosen for receiving the programme benefits on top priority.

Phases of the Green Revolution

In the first phase of the Green Revolution, 1962–65 to 1970–73, an all India compound growth rate of 2.08 per cent per year was achieved but it was mainly in certain regions such as the north-western region of Punjab, Haryana and western Uttar Pradesh (UP). Punjab registered a stupendous rate of growth at 6.63 per cent.

In the second phase, 1970–73 to 1980–83, with the extension of HYV seed technology from wheat to rice, the Green Revolution spread to other parts of the country, notably eastern UP, Andhra Pradesh (particularly the coastal areas), parts of Karnataka and Tamil Nadu and so on. Regions like Maharashtra, Gujarat and Andhra Pradesh now grew much faster than the all-India growth rate of 2.38 per cent per year.

The third, and the most recent phase of the Green Revolution, 1980–83 to 1992–95, shows very significant and encouraging results. The Green Revolution now spread to the erstwhile low-growth areas of the eastern region of West Bengal,

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Bihar, Assam and Orissa, with West Bengal achieving an unprecedented growth rate of 5.39 per cent per annum. Other regions, particularly the southern region and Madhya Pradesh and Rajasthan of the central region grew rapidly as well. In fact, for the first time, the southern region registered a higher rate of growth than the north-western region. By the end of the third phase, the coefficient of variation of the output growth levels and yield (per hectare) levels between the various states had fallen substantially compared to earlier decades. This period, therefore, saw not only a marked overall (all India) acceleration of the growth of agricultural output touching an unprecedented growth rate of 3.4 per cent per year but also witnessed a much more diversified growth pattern, considerably reducing regional inequality by increasing the spread of rural prosperity.

Between 1967–68 and 1970–71, foodgrains production rose by 35 per cent. Again, between 1964–65 and 1971–72 aggregate food production increased from 89 to 112 million tonnes, calculated to be a 10 per cent per capita increase. Net food imports fell from 10.3 million tonnes 1966 to 3.6 million in 1970, while food availability increased from 73.5 million tonnes to 99.5 million tonnes over the same period.

It has been believed that if it were not for the new agricultural strategy, India would have to import a minimum of about 8–10 million tonnes of wheat yearly, at a cost of $600–800 million. Food availability continued to increase sharply to 110.25million tonnes in 1978 and 128.8 million tonnes in 1984, putting an end to India's woes related to food shortage. By the 1980s, not only was India self-sufficient in food with buffer food stocks of over 30 million tones but it was even exporting food to pay back earlier loans or providing loans to food deficit countries.

Impact of the Green Revolution

The strategy using which the Revolution spread and its impact in various regions of India has been explained ahead in detail.

- **Increased food production:** From the mid-1960s to the 1970s, there was a period during which the production of foodgrains grew by about 2.21 per cent per annum and the total agricultural output grew by about 2.29 per cent per annum. Unlike the first phase of the Green Revolution, agricultural growth in this phase was largely a result of growth in agricultural yields at a time when the scope for further expansion of area under cultivation was limited.

  Given the nature of this developmental strategy, agricultural growth in the second phase was unequal across regions. The north and the northwestern states grew much faster than the eastern and southern parts of India.

- **Agriculture became broad-based:** In the 1980s, agriculture became broad-based primarily owing to the spread of Green Revolution to eastern India. Over the decade, foodgrains production grew at a rate of 2.9 per

cent per annum and total agricultural output grew at the rate of about 3.43 per cent per annum.

In this period, while agricultural yields stagnated in most of the early Green Revolution areas like Punjab, eastern India showed a marked acceleration in the growth of agricultural output. In particular, in West Bengal, the 'agricultural success story of the 1980s' was witnessed and agricultural output grew at more than 6 per cent per annum. The agricultural strategy between the mid-1960s and 1980s was based on public provisioning of infrastructure, credit, agricultural research and extension. At the same time, institutional mechanisms were built for the government to intervene in the agricultural markets to ensure that on the one hand, the farmers got remunerative prices for their produce and on the other food prices in the economy remained low enough to keep inflation in check.

- **Market mechanism to fuel growth:** In the 1990s, the fourth phase of the Green Revolution, the agricultural development strategy shifted to primarily relying on the market mechanism to fuel growth and the withdrawal of a range of other supports that were being provided by the government.

  Various policy initiatives also led to greater integration of the domestic agriculture with the world markets. These changes resulted in a marked decline in agricultural growth. This phase witnessed the lowest growth rate since Independence.
- **Achievements for the government and scientists of India:** The Green Revolution has been considered to be a major achievement of the government and of the scientists who contributed to the Revolution.
- **Welfare of farmers:** In most of the areas which have been influenced by the Green Revolution, farmers have switched from a mono-crop system to a multi-crop system one. This has increased their profits as well. A loosening of traditional bonds between landowners and bonded labourers has occurred. India has also witnessed a shift from payment in kind (grain) to payment in cash. New job opportunities have also come up in the agricultural sector.
- **Rapid social and economic transformations:** Several transformations took place in rural areas (in terms of social relations) in those regions that underwent the Green Revolution. These included an increase in the use of agricultural labour as cultivation became more intensive.

Negative Effects of the Green Revolution

Inspite of all the benefits, there were certain negative social effects and environmental problems emerged due to the use of new technology in high cultivating areas. These are as follows:

- **Increased inequalities in rural society:** The crops in the Green Revolution were highly profitable mainly because they yielded more produce. The farmers who were well-off and had access to land, capital, technology and

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know-how and those who could invest could increase their production and earn more money. However, those who did not have these resources or the capacity to influence the means of production lost the opportunity to increase their income in the social system and became poorer in terms of the social hierarchy.

- **Masses were not benefitted:** The input for new technology was so expensive that it was beyond the reach of the small farmers and only the medium and large land-holding farmers were able to benefit from the technology.
- **Displacement of tenant cultivators:** The Green Revolution, basically, led to commercialization of agriculture and in many cases, it led to the displacement of tenant cultivators. Landowners began to take land back from their tenants and cultivate it because the produce was very profitable. This made the rich farmers better off and worsened the condition of the landless and marginal landholders.
- **Displacement of the service castes:** The introduction of machinery such as tillers, tractors, threshers and harvesters (in areas such as Punjab and parts of Madhya Pradesh) led to displacement of the service castes who used to carry out these agriculture-related activities. This process of displacement also increased the pace of rural–urban migration.
- **Heightened regional inequalities:** The areas that underwent this technological transformation became more developed (Punjab, Haryana and western UP) while other areas stagnated (Bihar, Bengal and eastern UP).
- **Side-effects of modern methods:** A number of scientists have proved that the high-yielding varieties have adverse effects on the health of consumers. Various farmers' movements now suggest a return to the traditional and more organic methods of cultivation.

Check Your Progress

3. What do you mean by the Green Revolution?
4. Name the critical inputs given to the areas under the Green Revolution programmes.

11.4 WHITE REVOLUTION

Dairying has become an important secondary source of income for millions of rural families and has assumed the most important role in providing employment and income generating opportunities. Government of India is making efforts to increase the productivity of milch animals and thus increase the per capita availability of milk. India ranks first in milk production having increased from 17 million tonnes in 1950-51 to 108.53 million tonnes in 2008-09. The per capita availability of

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milk has increased from 112 gram per day in 1968-69 to 258 gram per day in 2008-09. About 80 per cent milk produced in the country is handled in the organized sector and the remaining 20 per cent is equally shared by cooperative societies and private dairies. Over 1.33 lakh cooperative societies, spread over 265 districts in the country, collect about 25.1 million litres of milk per day and market about 20 million litres.

The efforts of the Government in the dairy sector are concentrated in promotion of dairy activities in non-operation flood areas with emphasis on building cooperative infrastructure, revitalization of stick dairy cooperatives and federation and creation of infrastructure in the States. A 'National Milk Grid', links milk producers throughout India with consumers in over 700 towns and cities, reducing seasonal and regional price variations while ensuring that the producer gets a major share of the price consumers pay. The bedrock of Operation Flood has been village milk producers' cooperatives, which procure milk and provide inputs and services, making modern management and technology available to members. Operation Flood's objectives included the following:

- Increase milk production ('a flood of milk')
- Augment rural incomes
- Fair prices for consumers

The National Dairy Development Board (NDDB) is a statutory body corporate established by the Parliament as an institution of national importance under the NDDB Act, 1987. NDDB promotes plans and organizes programmes for the development of dairy and other agriculture based and allied industries along cooperative lines and also provides assistance in the implementation of such programmes. NDDB is continusouly providing technical and financial support to dairy cooperatives in the areas of strengthening cooperative business infrastructure, productivity enhancement, quality assurance and the creation of a national information network.

The Intensive Dairy Development Programme (IDDP) was launched in Non-Operation Flood, Hilly and Backward Areas' in 1993-94. The main objectives of the IDDP are as follows:

- Developing milch cattle
- Increasing milk production by providing technical input services
- Procuring, processing and marketing of milk in a cost effective manner
- Ensuring remunerative prices to the milk producers
- Generating additional employment opportunities
- Improving social, nutritional and economic status of residents of comparatively more disadvantaged areas

The scheme was modified during March, 2005 and also extended to some district of Operation Flood Programme.

Check Your Progress

5. What are the objectives of Operation Flood?
6. What is the role of National Dairy Development Board (NDDB)?

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11.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. SERC has the broad mission of promoting and challenging new areas of science and engineering with focus on basic research in all disciplines.
2. The programme for Intensification of Research in High Priority Areas (IRHPA) was launched during the Sixth Five-Year Plan to strengthen research in high priority areas. This is meant to set up Core Groups, Centres of Excellence and National Facilities in frontline and emerging fields of science and engineering.
3. The Green Revolution was a programme launched by the Government of India for agricultural modernization. It was largely funded by international agencies and focused on providing high-yielding variety (HYV) or hybrid seeds along with pesticides, fertilizers and other inputs to farmers.
4. Critical inputs like the high-yield variety (HYV) seeds, chemical fertilizers and pesticides, agricultural machinery like tractors and pump sets, soil-testing facilities, agricultural education programmes and institutional credit were concentrated on areas which had assured irrigation and other natural and institutional advantages.
5. Operation Flood's objectives included the following:
   - Increase milk production ('a flood of milk')
   - Augment rural incomes
   - Fair prices for consumers
6. NDDB promotes plans and organizes programmes for the development of dairy and other agriculture based and allied industries along cooperative lines and also provides assistance in the implementation of such programmes.

11.6 SUMMARY

- The Scientific Policy Resolution of 1958 and the Technology Policy Statement of 1983 enunciated the principles on which the growth of science and technology in India has been based over the past several decades.
- The Science and Engineering Research Council (SERC) was established in 1974 and is an apex body through which the Department of Science and Technology (DST), Government of India promotes R&D programmes in

newly emerging and challenging areas of science and engineering. SERC is composed of eminent scientists, technologists drawn from various universities/ national laboratories and industry.

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- The programme for Intensification of Research in High Priority Areas (IRHPA) was launched during the Sixth Five-Year Plan to strengthen research in high priority areas. This is meant to set up Core Groups, Centres of Excellence and National Facilities in frontline and emerging fields of science and engineering.
- Nominations are invited for the 'Ramanujan Fellowships' recently instituted by the Government of India. The fellowship is meant for brilliant scientists and engineers from all over the world to take up scientific research positions in India, especially those scientists who want to return to India from abroad.
- Apart from support for basic equipment necessary for imparting quality teaching and modernization of laboratories provided to a large number of departments, support for creation of a few major facilities has also been provided.
- The Department of Science and Technology (DST) is providing facilities of sophisticated analytical instruments to researchers through its Sophisticated Analytical Instrument Facilities (SAIF) Programme so that the non-availability of these instruments in their institutes may not come in the way of scientists in pursuing R&D activities requiring such facilities and they are able to keep pace with developments taking place globally.
- The SAIFs regularly organize short term courses/training programmes on use and application of various instruments and analytical techniques to create awareness among the users about them and on maintenance/repair/operation of instruments for technicians.
- The Green Revolution was a programme launched by the Government of India for agricultural modernization. It was largely funded by international agencies and focused on providing high-yielding variety (HYV) or hybrid seeds along with pesticides, fertilizers and other inputs to farmers.
- The term 'Green Revolution' is mainly applicable to a period of Indian agriculture from 1967–1978.
- The Green Revolution programmes were introduced only in areas that had assured irrigation because sufficient water was necessary for the new seeds and methods of cultivation. It was targeted mainly at the wheat and rice-growing areas. As a result, only certain states such as Punjab, western Uttar Pradesh, coastal Andhra Pradesh and parts of Tamil Nadu received the first wave of the Revolution.
- The factors that led to the adoption of new programmes in agriculture are – food shortage, controversial agreements under the PL-480 scheme and the policy of economic self-reliance and self-efficiency.
- Critical inputs like the high-yield variety (HYV) seeds, chemical fertilizers and pesticides, agricultural machinery like tractors and pump sets, soil-testing

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facilities, agricultural education programmes and institutional credit were concentrated on areas which had assured irrigation and other natural and institutional advantages.

- In the first phase of the Green Revolution, 1962–65 to 1970–73, an all India compound growth rate of 2.08 per cent per year was achieved but it was mainly in certain regions such as the north-western region of Punjab, Haryana and western Uttar Pradesh (UP). Punjab registered a stupendous rate of growth at 6.63 per cent. In the second phase, 1970–73 to 1980–83, with the extension of HYV seed technology from wheat to rice, the Green Revolution spread to other parts of the country.
- The third, and the most recent phase of the Green Revolution, 1980–83 to 1992–95, shows very significant and encouraging results. The Green Revolution now spread to the erstwhile low-growth areas of the eastern region of West Bengal, Bihar, Assam and Orissa, with West Bengal achieving an unprecedented growth rate of 5.39 per cent per annum.
- In the 1980s, agriculture became broad-based primarily owing to the spread of Green Revolution to eastern India. Over the decade, foodgrains production grew at a rate of 2.9 per cent per annum and total agricultural output grew at the rate of about 3.43 per cent per annum.
- The agricultural strategy between the mid-1960s and 1980s was based on public provisioning of infrastructure, credit, agricultural research and extension. At the same time, institutional mechanisms were built for the government to intervene in the agricultural markets to ensure that on the one hand, the farmers got remunerative prices for their produce and on the other food prices in the economy remained low enough to keep inflation in check.
- In most of the areas which have been influenced by the Green Revolution, farmers have switched from a mono-crop system to a multi-crop system one. This has increased their profits as well. New job opportunities have also come up in the agricultural sector.
- The Green Revolution, basically, led to commercialization of agriculture and in many cases, it led to the displacement of tenant cultivators. Landowners began to take land back from their tenants and cultivate it because the produce was very profitable. This made the rich farmers better off and worsened the condition of the landless and marginal landholders.
- A number of scientists have proved that the high-yielding varieties have adverse effects on the health of consumers. Various farmers' movements now suggest a return to the traditional and more organic methods of cultivation.
- Dairying has become an important secondary source of income for millions of rural families and has assumed the most important role in providing employment and income generating opportunities. Government of India is

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making efforts to increase the productivity of milch animals and thus increase the per capita availability of milk.

- The efforts of the Government in the dairy sector are concentrated in promotion of dairy activities in non-operation flood areas with emphasis on building cooperative infrastructure, revitalization of stick dairy cooperatives and federation and creation of infrastructure in the States. A 'National Milk Grid', links milk producers throughout India with consumers in over 700 towns and cities, reducing seasonal and regional price variations while ensuring that the producer gets a major share of the price consumers pay.
- The National Dairy Development Board (NDDB) is a statutory body corporate established by the Parliament as an institution of national importance under the NDDB Act, 1987. NDDB promotes plans and organizes programmes for the development of dairy and other agriculture based and allied industries along cooperative lines and also provides assistance in the implementation of such programmes.
- The Intensive Dairy Development Programme (IDDP) was launched in Non-Operation Flood, Hilly and Backward Areas' in 1993-94.

11.7 KEY WORDS

- **Green Revolution:** It is the set of research technology transfer initiatives occurring between 1950 and the late 1960s that increased agricultural production worldwide, beginning most markedly in the late 1960s.
- **White Revolution:** It is the revolution associated with a sharp increase in milk production in the country.
- **Milch animals:** These are the animals that produce milk.
- **Operation Flood:** It was the world's largest dairy development program and a landmark project of India's National Dairy Development Board. It has made the country self-sufficient in milk and milk products through modernization of our dairy industry.

11.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. What is the Ramanujan Fellowship?
2. State the factors that led to the launch of scheme 'Fund for Improvement of S&T Infrastructure in Universities and Higher Educational Institutions (FIST)'.

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3. What are the objectives of the Sophisticated Analytical Instrument Facilities (SAIFs)?
4. In which areas were the Green Revolution programmes introduced?
5. State the components of the Green Revolution programmes.
6. List the main objectives of the IDDP.

Long Answer Questions

1. What is the Science and Engineering Research Council (SERC)? State its objectives.
2. What kind of support has been provided under the scheme 'Fund for Improvement of S&T Infrastructure in Universities and Higher Educational Institutions (FIST)? Explain.
3. Describe the factors that led to the adoption of new programmes in agriculture.
4. Explain the impact of the Green Revolution.

11.9 FURTHER READINGS

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BLOCK V
INDIAN SPACE RESEARCH
AND SOCIAL CHALLENGES

UNIT 12 BLUE REVOLUTION, NUCLEAR RESEARCH, SPACE RESEARCH AND INFORMATION TECHNOLOGY

Structure

12.0 Introduction
12.1 Objectives
12.2 Blue Revolution
12.3 Nuclear Research
12.4 Space Research
12.5 Information Technology
12.6 Answers to Check Your Progress Questions
12.7 Summary
12.8 Key Words
12.9 Self Assessment Questions and Exercises
12.10 Further Readings

12.0 INTRODUCTION

The Blue Revolution refers to the era of intense development from the mid-1960s to the present in the global aquaculture market. Now, the worldwide production of aquaculture has reached 50 million tons, up from two million in 1950. Also known as the Neel Kranti Mission in India, the Blue Revolution was initiated in 1985-1900 during the 7th Five-Year Plan. In order to double the income of farmers, the main objective is to grow, maintain and encourage fisheries. Today, under the Blue Revolution program, the Ministry of Fisheries, Animal Husbandry and Dairying handles the goals of the Blue Revolution: Integrated Fisheries Production and Management. In this unit, we will also study about the nuclear and space research and information technology and their scope in India's growth. India has had a rich tradition of fundamental research activities in various fields and has produced outstanding individual scientists like Sir C V Raman, S.N. Bose, K.S. Krishnan, Sir J.C. Ray and H.N. Saha. Organized research in nuclear science, however, began only in 1945, with the establishment of the Tata Institute of Fundamental

Research in Bombay. The Atomic Energy Act was passed in Parliament soon after the country gained independence in 1948, and set forth India's objective for the development and utilization of atomic energy solely for peaceful purposes.

12.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the impact of the blue revolution in India
- Explain the role and importance of nuclear energy in India's future energy demands
- Discuss the space research programs
- Discuss the role of information technology in a nation's growth

12.2 BLUE REVOLUTION

Blue Revolution is a government initiative to expand the aquaculture industry. It began in China as it accounts for around two-thirds of the worldwide total output of aquaculture.

The aquaculture sector has expanded at an average rate of 9 per cent a year recently, and India is one of the fastest growers. The Neel Kranti Mission was the beginning of India's Blue Revolution with the vision of achieving India's economic growth with development, bio-security, and environmental issues in mind.

Blue Revolution in India

With the funding of the Fish Farmers Development Agency (FFDA) by the Central Government of India, the Blue Revolution in India was launched during the 7th Five Year Plan (1985-1990). Later, the Intensive Marine Fisheries Program was launched during the 8th Five Year Plan (1992-97), and eventually, over time, fishing harbours were also developed in Vishakhapatnam, Kochi, Tuticorin, Porbandar, and Port Blair.

Together with the Department of Animal Husbandry, Dairying & Fisheries, the Ministry of Agriculture and Farmers Welfare decided to restructure this programme along with the other ongoing schemes by combining it under a single 'Blue Revolution' umbrella. The purpose of this scheme was to establish and manage fisheries managed by the National Fisheries Development Board (NFDB).

The following are the components used in the Blue Revolution Schemes:

- The National Planning Board for Fisheries (NFDB) and its activities
- Strengthening of the Fisheries Industry Database & Geographical Information System

- Freshwater fisheries and aquaculture production
- National fishermen's welfare scheme
- Marine Fisheries, Facilities and post-harvest operations growth
- Monitoring, Monitoring and Surveillance (MCS) and other measures based on needs
- Institutional Fishery Business Arrangement

Objectives of the Blue Revolution or Neel Kranti Mission

The goal of the Neel Kranti mission was to improve the economic situation of India by growing fisheries and thereby contributing to food and nutritional stability. The Neel Kranti Mission has made sustainable use of water resources for the production of fisheries. The objectives of the project, also referred to as the Blue Revolution, are listed below:

- Take full advantage of India's total fish capacity on both islands and in the marine sector and triple production by the year 2020.
- The transformation of the fishing industry into a modern sector through the use of new technology and processes.
- Doubling fishermen's income by growing efficiency and developing the post-harvest marketing infrastructure, including e-commerce, technology and the best innovators worldwide.
- To ensure the active participation of the fishers and the fish farmers in income enhancement.
- Tripling the export earnings by the year 2020 with a major focus on the benefits covering the institutional mechanisms.
- Take full advantage of India's total fish capacity on both islands and in the marine sector and triple production by the year 2020.
- The transformation of the fishing industry into a modern sector through the use of new technology and processes.
- Doubling fishermen's income by growing efficiency and developing the post-harvest marketing infrastructure, including e-commerce, technology and the best innovators worldwide.
- To ensure the active involvement of fishermen and fish farmers in the improvement of profits.
- Triple export earnings by 2020, with an emphasis on the advantages of structural frameworks.
- Developing the nation's food and nutritional stability.

Features of the Blue Revolution Scheme

Any of the Blue Revolution Scheme's standout features are as follows:

(i) Providing appropriate links and integration with the Mahatma Gandhi National Rural Job Guarantee Scheme' Sagarmala Project '(MNREGA), Ministry of Shipping, National Rural Livelihoods Mission (NRLM), Rashtriya Krishi Vikas Yojana (RKVY), etc.

(ii) The Blue Revolution method focuses primarily on developing both inland and marine sources for the production and productivity of aquaculture and fisheries.

(iii) Promoting and promoting the economically backward segments to take up fishing, such as the Scheduled Castes, Scheduled Tribes, Women, and their cooperatives.

Outcomes

With the implementation of new techniques of rearing, marketing, exporting, and fish breeding, the Blue Revolution in India, along with the Fish Farmers Development Agency (FFDA), brought an improvement in the aquaculture and fisheries sector. Some of the major outcomes of India's Blue Revolution are listed below:

- The Indian Fisheries Sector has currently hit a production limit of 4.7 million tonnes of fish out of 60,000 tonnes, including 1.6 million tonnes of freshwater aquaculture fish.
- An average annual growth of 14.8 percent compared to the global average of 7.5 percent in fish and fish products is reported in India.
- In the last five years, fishing has been India's largest agricultural export with a growth rate of 6 percent-10 percent.
- With exports worth over 47,000 crore rupees, India has become the world's second-largest producer of fish.
- Fisheries and aquaculture production contribute 1% and 5% respectively to the GDP of India and the GDP of agriculture.

Not only because of its importance in food production, but also because of its value in export earnings and the country's economic growth, the fishing sector is gaining importance. It is also instrumental in providing a significant segment of the country's economically backward and resource poor population with sources of livelihood. With the proper implementation of Blue Revolution, it was possible to turn the fisheries sector into a new, world-class industry with the best use of water resources in a sustainable manner.

Check Your Progress

1. When and how was the Blue Revolution in India launched?
2. What was the purpose of the Blue Revolution?

12.3 NUCLEAR RESEARCH

Nuclear energy provided about 16 per cent of the world's electricity needs at the end of the 20th century. Compared to developed countries, the growth of nuclear power in developing countries has so far been minimal. The Three Mile Island and Chernobyl incidents, as well as the globalization and deregulation of the markets for oil and electricity, have contributed to a slowdown in the development of nuclear energy. At the same time, nuclear power plant (NPP) protection has been gradually improved to resolve emerging issues. Different international conferences have consistently addressed environmental issues and the need for sustainable development policies, including the need to reduce greenhouse gas emissions.

Future role of nuclear power option

Electricity demand is expected to rise at a rapid pace in developing countries over the next few decades. This is primarily due to the close relationship between the increase in the demand for electricity and the improvement of the population's quality of life. In order to replace aging and retiring units, developed countries will need to add electricity generation capacity. Factors such as energy security, variety of energy sources for electricity generation and conservation of the environment should be taken into account in the choices available to meet electricity demand. Another main factor is the long-term stability of fuel prices, as fossil fuel prices reflect a high percentage of the cost of electricity generated, while the cost of nuclear power is less susceptible to fluctuations in the price of nuclear fuel. In the background of the above factors, the potential position of nuclear power has to be seen.

Gas, oil or coal fired power plants can be built and installed faster than nuclear power plants if additional electricity generation capacity is desperately required. This is due to the fact that it takes longer lead times for the preparation and implementation of a nuclear power project and also creates unique demands on relevant infrastructures. Such an approach to rapidly adding fossil fuel power plants to urgent needs is feasible if the nation is equipped with fossil fuel energy resources, or has easy access to them. However, this strategy cannot be an ongoing and long-term solution to the environmental considerations of fossil fuel power plant releases of CO_2.

Nuclear power is considered a viable choice for the generation of electricity if its basic characteristics are taken into account and the requirements it imposes can be fulfilled, especially in order to maintain a very high level of safety. It is one of the goals of the IAEA to assist its Member States in determining whether or not to use the option of nuclear power. The decision will depend to a large extent on the situation in the country and the policies that its authorities and government have established.

The fundamental basis of all nuclear applications is nuclear science, technology and research. Nuclear applications contribute to health, sustainability and stability internationally in several respects. They are used in a wide variety of fields, ranging from power generation to medicine, agriculture, food protection, the environment, forensics, industry and artefact research.

In order to further technological progress, which in turn brings new benefits to society, continuous research efforts and knowledge expansion in nuclear physics are required. The goal of the IAEA is to encourage the best available solutions today and to create better solutions for tomorrow.

In order to enable its Member States to benefit from the numerous current radiation applications, the Organisation operates a nuclear science programme. It also supports and informs them on their capacity-building, research and development needs in the nuclear sciences, such as the use of particle accelerators, research reactors and nuclear instrumentation, including research and technology in the field of nuclear fusion.

Overview of Nuclear Power Energy

After coal, gas, hydroelectricity and wind power, nuclear power is the fifth largest electricity source in India. India has 22 nuclear reactors in operation in 7 nuclear power plants as of March 2018, with a total installed capacity of 6,780 MW. Nuclear power generated a total of 35 TWh and supplied 3.22 percent of Indian electricity in 2017.

India drew up a proposal in October 2010 to achieve a nuclear power capacity of 63 GW in 2032. However, there have been several anti-nuclear demonstrations at proposed nuclear power plant sites following the 2011 Fukushima nuclear disaster. Mass protests have taken place against the Jaitapur Nuclear Power Project in Maharashtra and the Kudankulam Nuclear Power Plant in Tamil Nadu, and a proposed large nuclear power plant near Haripur has been refused permission by the government of West Bengal. A Public Interest Lawsuit (PIL) has also been brought in the Supreme Court regarding the government's civil nuclear program.

In India, nuclear power has been suffering from generally low capability variables. As of 2017, the lifetime weighted energy availability factor of the Indian fleet is 63.5 percent. Capability indicators have, however, been improving in recent years. In the years 2015-2017, the availability factor of Indian reactors was 69.4 percent. The absence of nuclear fuel is one of the key explanations for the low capacity variables.

India has made strides in the field of thorium-based fuels, working through the ITER project to design and construct a prototype for an atomic reactor using thorium and low-enriched uranium, a crucial part of India's three-stage nuclear energy program in the field of fusion power.

Nuclear Research Plan

As of 2009, India aims to increase the contribution of nuclear power to the total generation potential of electricity from 2.8% to 9% in 25 years. The installed nuclear power generation capacity in India is projected to increase to 20 GW by 2020. As of 2018, in terms of nuclear power, India ranks 13th in the world. There are TAPS-3 and -4 indigenous atomic reactors, both of which are 540 MW reactors.

In the coming years, in part due to the passing of the U.S.-India Civil Nuclear Agreement, the Indian nuclear power industry is expected to experience a major expansion. This agreement would allow India to trade nuclear fuel and technology with other countries and to significantly boost its capacity to generate electricity. India is expected to produce an additional 25 GW of nuclear power by 2020 as the agreement goes through, taking the total projected production of nuclear power to 45 GW.

Nuclear-power-related threats led Indian lawmakers to pass the 2010 Nuclear Liability Act, which specifies that in the event of an accident, nuclear manufacturers, contractors and operators must be financially liable. The law covers key concerns such as controls on nuclear radiation and safety, operational control and maintenance of nuclear power plants, liability in the event of a radiation-leak accident, clean-up costs for disasters, responsibility of the operator and responsibility of the supplier. Like the 1984 Union Carbide Bhopal disaster, considered among the world's worst industrial disasters, a nuclear accident such as the 2011 Fukushima Daiichi nuclear disaster would have dire economic implications in densely populated India.

India has already used imported enriched uranium for light-water reactors that are currently subject to IAEA safeguards, but to sustain its reactors, it has established other elements of the nuclear fuel cycle. Restricted imports have strongly influenced the production of select technologies. The use of heavy water reactors has been especially appealing to the nation because it enables the burning of uranium with little or no potential for enrichment. In developing a thorium-centred fuel cycle, India has also done a great amount of work. Although there are small uranium deposits in the country, there are far larger reserves of thorium and it could supply the same mass of fuel with energy hundreds of times. The development of both has been related to the fact that thorium can potentially be used in heavy water reactors. At Kalpakkam by BHAVINI, a prototype reactor that would burn Uranium-Plutonium fuel while irradiating a thorium blanket is under construction.

By using uranium from indigenous sources, the uranium used for the weapons program has been isolated from the power program. This domestic stock of 80,000 to 112,000 tons of uranium (approximately 1% of the world's reserves of uranium) is sufficiently high to supply all of India's commercial and military reactors and to supply all of India's nuclear weapons arsenal needs. India's nuclear power plants

are currently consuming, at most, 478 tonnes of uranium a year. In addition, the uranium requirements for India's nuclear arsenal are only one-fifteenth (1/15) of those needed for power generation (approximately 32 tons), which means that India's domestic supply of fissile material is more than adequate to fulfill all its strategic nuclear arsenal needs. Therefore, for the near future, India has ample uranium resources to fulfill its strategic and power requirements.

The long-term objective of India's nuclear program has been to develop an advanced heavy-water thorium cycle. Pressurized heavy water reactors (PHWR) powered by natural uranium and light water reactors that incidentally generate plutonium for their primary purpose of producing electricity are used in the first stage of this process. The second stage uses quick neutron reactors that burn plutonium with uranium and thorium in the blanket around the core, so that more plutonium (ideally high-fissile Pu) and U-233 are made. Nearly 12 million tonnes of monazite resources have been reported by the Atomic Minerals Directorate (AMD) (typically with 6-7 percent thorium). Advanced Heavy Water Reactors (AHWR) will burn thorium-plutonium fuels in stage 3 in a way that breeds U-233 that can eventually be used for a fleet of breeding AHWRs as a self-sustaining fissile driver. Molten salt breeder reactors (MSBR), which are believed to be another potential choice for eventual large-scale implementation, are an alternative stage 3. Kudankulam-1 became India's single largest power generation unit in June 2014 (1000 MWe).

Check Your Progress

3. Why is the electricity demand expected to rise at a rapid pace in developing countries over the next few decades?
4. What is the long-term objective of India's nuclear program?

12.4 SPACE RESEARCH

Space experiments are experimental studies performed in outer space and by observing outer space. Space science is a large research area, from the use of space technology to the observable universe. Earth science, material science, biology, medicine, and physics are all important to the field of space exploration. The concept includes experimental payloads, expanded to include sounding rocket experiments in the upper atmosphere, and high-altitude balloons, at every altitude from deep space to low Earth orbit. Space exploration is also a method of study in the field of space.

In India, modern space exploration is dated to the 1920s, when by applying ground-based radio methods in Kolkata, K. Mitra carried out a series of experiments that led to the sounding of the ionosphere. Later on, such Indian scientists as C.V. Raman and Meghnad Saha have been contributing to the

theoretical ideals of space science. However, in coordinated space research in India, it was the time after 1945 that saw major advances being made. In India, there are two scientists led organized space research: Vikram Sarabhai, founder of the Ahmedabad Physical Research Laboratory, and Homi Bhabha, who founded the Tata Institute of Fundamental Research in 1945. In order to exploit their knowledge of propellants and advanced metallurgy, engineers from the Indian Ordnance Factories were drawn on deputation as the Ordnance factories were the only organization specialized in these technologies at that time. Initial studies in space sciences included the study of cosmic radiation, high altitude and airborne research, deep underground exploration at research laboratories, colleges, and independent sites, studies were carried out.

In 1950, with Bhabha as its secretary, the Department of Atomic Energy was created. The department provided financing in India for space science. During this period, tests continued on aspects of meteorology and the magnetic field of the Earth, a subject that has been studied in India since the observatory was founded at Colaba in 1823. In 1954, in the foothills of the Himalayas, the Uttar Pradesh state observatory was founded. At Osmania University, Hyderabad, the Rangpur Observatory was set up in 1957. The government of India was further inspired by space science. Sputnik 1 was launched by the Soviet Union in 1957 and opened up doors for the rest of the world to perform a space mission. In 1962, the Indian National Research Committee on Space (INCOSPAR) was created.

In the early 1960's, space research activities were initiated in our country when applications using satellites were in experimental stages even in the United States. With the live transmission of Tokyo Olympic Games across the Pacific by the American Satellite 'Syncom-3' demonstrating the power of communication satellites, Dr. Vikram Sarabhai, the founding father of Indian space programme, quickly recognized the benefits of space technologies for India.

Dr. Sarabhai was convinced and envisioned that the resources in space have the potential to address the real problems of man and society. As Director, Physical Research Laboratory (PRL) located in Ahmedabad, Dr. Sarabhai convened an army of able and brilliant scientists, anthropologists, communicators and social scientists from all corners of the country to spearhead the Indian space programme.

Since inception, the Indian space programme has been orchestrated well and had three distinct elements such as, satellites for communication and remote sensing, the space transportation system and application programmes. The INCOSPAR (Indian National Committee for Space Research) was initiated under the leadership of Dr. Sarabhai and Dr. Ramanathan. In 1967, the first 'Experimental Satellite Communication Earth Station (ESCES)' located in Ahmedabad was operationalized, which also doubled as a training centre for the Indian as well as International scientists and engineers.

To establish that a satellite system can contribute to the national development, ISRO was clear that it need not wait for its own satellites to begin application development, while foreign satellites could be used in the initial stages. However, before trying out a full-fledged satellite system, some controlled experiment to prove the efficacy of television medium for national development was found necessary. Accordingly, a TV programme on agricultural information to farmers 'Krishi Darshan' was started, which received good response.

The next logical step was the Satellite Instructional Television Experiment (SITE), hailed as 'the largest sociological experiment in the world' during 1975-76. This experiment benefited around 200,000 people, covering 2400 villages of six states and transmitted development oriented programmes using the American Technology Satellite (ATS-6). The credit of training 50,000 science teachers primary schools in one year goes to SITE.

SITE was followed by the Satellite Telecommunication Experiments Project (STEP), a joint project of ISRO-and Post and Telegraphs Department (P&T) using the Franco-German Symphonie satellite during 1977-79. Conceived as a sequel to SITE which focused on Television, STEP was for telecommunication experiments. STEP was aimed to provide a system test of using geosynchronous satellites for domestic communications, enhance capabilities and experience in the design, manufacture, installation, operation and maintenance of various ground segment facilities and build up requisite indigenous competence for the proposed operational domestic satellite system, INSAT, for the country.

SITE was followed by the 'Kheda Communications Project (KCP)', which worked as a field laboratory for need-based and locale specific programme transmission in the Kheda district of Gujarat State. KCP was awarded the UNESCO-IPDC (International Programme for the Development of Communication) award for rural communication efficiency in the 1984.

During this period, the first Indian spacecraft 'Aryabhata' was developed and was launched using a Soviet Launcher. Another major landmark was the development of the first launch vehicle SLV-3 with a capability to place 40 kg in Low Earth Orbit (LEO), which had its first successful flight in 1980. Through the SLV-3 programme, competence was built up for the overall vehicle design, mission design, material, hardware fabrication, solid propulsion technology, control power plants, avionics, vehicle integration checkout and launch operations. Development of mult-istage rocket systems with appropriate control and guidance systems to orbit a satellite was a major landmark in our space programme.

In the experimental phase during 80's, end-to-end capability demonstration was done in the design, development and in-orbit management of space systems together with the associated ground systems for the users. Bhaskara-I & II missions were pioneering steps in the remote sensing area whereas 'Ariane Passenger Payload Experiment (APPLE)' became the forerunner for future communication

satellite system. Development of the complex Augmented Satellite Launch Vehicle (ASLV), also demonstrated newer technologies like use of strap-on, bulbous heat shield, closed loop guidance and digital autopilot. This paved the way for learning many nuances of launch vehicle design for complex missions, leading the way for realisation of operational launch vehicles such as PSLV and GSLV.

During the operational phase in 90's, major space infrastructure was created under two broad classes: one for the communication, broadcasting and meteorology through a multi-purpose Indian National Satellite system (INSAT), and the other for Indian Remote Sensing Satellite (IRS) system. The development and operationalisation of Polar Satellite Launch Vehicle (PSLV) and development of Geo-synchronous Satellite Launch Vehicle (GSLV) were significant achievements during this phase.

Formation of ISRO

The Indian National Committee for Space Research (INCOSPAR) that had been established in 1962 grew and became ISRO in 1969, also under the Department of Atomic Energy. In 1972, the Government of India had set up a Space Commission and the Department of Space (DOS), bringing ISRO under the DOS. The establishment of ISRO thus institutionalised space research activities in India. ISRO is managed by the DOS, which reports to the Prime Minister of India.

Mission

- Design and development of launch vehicles and related technologies for providing access to space.
- Design and development of satellites and related technologies for earth observation, communication, navigation, meteorology and space science.
- Indian National Satellite (INSAT) programme for meeting telecommunication, television broadcasting and developmental applications.
- Indian Remote Sensing Satellite (IRS) programme for management of natural resources and monitoring of environment using space based imagery.
- Space based Applications for Societal development.
- Research and Development in space science and planetary exploration.

Objectives

- Operational flights of Polar Satellite Launch Vehicle (PSLV).
- Developmental flight of Geo-synchronous Satellite Launch Vehicle (GSLV-Mk II).
- Development of heavy lift Geo-synchronous Satellite Launch Vehicle (GSLV-Mk III).

- Design, Development and Realization of Communication Satellites.
- Design, Development and Realization of Earth Observation Satellites.
- Development of Navigation Satellite Systems.
- Development of satellites for Space Science and Planetary Exploration.
- Earth Observation Applications.
- Space based systems for Societal Applications.
- Advanced Technologies and newer initiatives.
- Training, Capacity building and Education.
- Promotion of Space technology.
- Infrastructure / Facility Development for space research.
- International Cooperation.

Future of Space Research Exploration

Breakthrough Starshot: Breakthrough Starshot is an engineering research project by the Breakthrough Initiatives to create a concrete evidence light sail spacecraft fleet called StarChip to be able to make the journey 4.37 light-years away to the Alpha Centauri star system. It was founded in 2016 by Yuri Milner, Mark Zuckerberg, and Stephen Hawking.

Artemis program: The Artemis program is an ongoing space crew program carried out by NASA, U.S. private space flight firms, and foreign partners such as ESA, with the goal of landing "the first woman and the next man" on the Moon by 2024, primarily in the lunar area of the South Pole. Artemis will be the next step towards the long-term objective of creating a permanent footprint on the Moon, setting the groundwork for the creation of a lunar economy by private corporations, and finally sending people to Mars.

Space Research Field

Space research includes the following fields of science:

- Earth observations, to interpret optical and radar data from Earth observation satellites by using remote sensing techniques.
- Geodesy, using satellite orbits' gravitational disturbances
- Atmospheric sciences, spacecraft aeronomy, rocket-sounding and high-altitude balloons.
- The in situ observation of space plasmas, e.g. aurorae, ionosphere, magnetosphere and space weather. Space physics.
- Planetology, using space probes in the solar system to study objects

- Astronomy, using space telescopes and detectors that are not confined to the atmosphere by looking through
- Materials sciences on orbital platforms, taking advantage of the micro-g climate

Space research from artificial satellites

Upper Atmosphere Research Satellite: A NASA-led mission launched on September 12, 1991, was the Upper Atmosphere Research Satellite. During the STS-48 flight on 15 September 1991, the 5,900 kg (13,000 lb) satellite was deployed by the Space Shuttle Discovery. It was the first multi-instrumented satellite to study and provide a deeper understanding of photochemistry in different areas of the Earth's atmosphere. UARS ended its scientific career in 2005 after 14 years of work.

Great Observatories program: In this image of the Crab Nebula, Great Observatories program telescopes are mixed for enhanced detail. The flagship NASA telescope program is the Great Observatories Program. With thorough observation of the sky, based on gamma rays, ultraviolet, x-ray, infrared, and visible light spectrums, the Great Observatory program advances our understanding of the universe. The four major Great Observatories program telescopes are the Hubble Space Telescope (visible, ultraviolet), launched in 1990, the Compton Gamma Ray Observatory (gamma), launched in 1991 and retired in 2000, the Chandra X-Ray Observatory (x-ray), launched in 1999, and the Spitzer Space Telescope (infrared), launched in 2003.

International Gamma-Ray Astrophysics Laboratory: INTEGRAL, founded in 2002 by the European Space Agency, is one of the most powerful gamma-ray observatories and continues to operate (as of March 2019). INTEGRAL offers insight into black holes, neutron stars, and supernovas, including the most energetic cosmological formations in space. INTEGRAL plays a key role in analysing one of the most exotic and energetic phenomena in space, gamma-rays.

Gravity and Extreme Magnetism Small Explorer: In November 2014, the NASA-led GEMS mission is expected to be launched. To test the polarization of x-rays originating from black holes and neutron stars, the spacecraft will use an X-Ray telescope. This will study the remains of supernovae, the stars that exploded. Since the 1970s, few studies in X-Ray polarization have been carried out, and scientists expected that GEMS would break new ground. Understanding x-ray polarisation will enhance the understanding of black holes by scientists, in particular whether matter is limited to a flat-disk, a puffed disk, or a squirting jet around a black hole. The GEMS project was cancelled in June 2012, with time and finance constraints forecast to fail. The GEMS mission's aim continues to be important.

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Check Your Progress

5. Which committee was created by the Indian government in 1962?
6. What is the Artemis programme?

12.5 INFORMATION TECHNOLOGY

The use of computers to store, retrieve, distribute, and manipulate data or information is information technology (IT). In comparison to personal or entertainment technology, IT is usually used within the context of business operations. IT is a subset of information and communication technology considered to be (ICT). An information technology system (IT system) is typically an information system, a communication system, or, more simply, a computer system run by a small group of users, including all hardware, software, and peripheral equipment.

Since the Sumerians in Mesopotamia produced writing in about 3000 BC, people have been storing, retrieving, manipulating, and communicating material. The word is widely used as a synonym for computers and computer networks, but it also includes other applications for the dissemination of information, such as television and telephony. Digital technology is associated with many goods or services within an economy, including computer hardware, software, electronics, semiconductors, the Internet, telecommunications equipment, and e-commerce.

Four distinct phases of IT growth can be differentiated based on the storage and processing technologies employed: pre-mechanical (3000 BC-1450 AD), mechanical (1450-1840), electromechanical (1840-1940) and electronic (1940-present).

Major Government Initiatives in the IT Sector

- In October 1999, the new Ministry of Information Technology was created, which was renamed in September 2001 as the Ministry of Communication and Information Technology due to the growing convergence between communication and IT.
- Creation of the National IT Human Resources Growth Task Force in July 2000. The Task Force's report is before the government.
- Establishment of a ₹ 100 crore IT Venture Capital Fund in 1999.Upgradation of the Education and Research Network (ERNET) via a high-speed network linking different universities and regional engineering colleges (RECs).
- Upgrade all RECs to the National Institutes of Technology standard.

- Implementation of a substantive law called the Information Technology (IT) Act, 2000, which offers legal recognition through electronic data sharing for transactions.
- Computerization of government agencies by investing up to 3% of the IT budget. Many applications for e-governance have been launched. There were a number of government websites hosted. The advancement of technology and the production of content in Indian languages were promoted.
- The Government has introduced steps to set up 487 Community Information Centres at the block headquarters in the north-eastern states and Sikkim states to bridge the digital divide.
- In 2001, the Media Lab Asia project was launched to introduce IT to the masses.

The production of human resources (HRD) for the IT sector has been promoted through a multi-pronged approach to IT education, which aims to increase accessibility and enhance the quality of education. As centres of excellence, several states have set up Indian Institutes of Information Technology (IIITs). Research and development (R&D) is being sought in the new fields of technology and supercomputing.

Check Your Progress

7. Define information technology.
8. List the four distinct phases of IT growth based on the storage and processing technologies employed.

12.6 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. With the funding of the Fish Farmers Development Agency (FFDA) by the Central Government of India, the Blue Revolution in India was launched during the 7th Five Year Plan (1985-1990).
2. The purpose of the Blue Revolution scheme was to establish and manage fisheries managed by the National Fisheries Development Board (NFDB).
3. Electricity demand is expected to rise at a rapid pace in developing countries over the next few decades. This is primarily due to the close relationship between the increase in the demand for electricity and the improvement of the population's quality of life.
4. The long-term objective of India's nuclear program has been to develop an advanced heavy-water thorium cycle.

5. In 1962, the Indian National Research Committee on Space (INCOSPAR) was created.
6. The Artemis program is an ongoing space crew program carried out by NASA, U.S. private space flight firms, and foreign partners such as ESA, with the goal of landing "the first woman and the next man" on the Moon by 2024, primarily in the lunar area of the South Pole.
7. The use of computers to store, retrieve, distribute, and manipulate data or information is information technology (IT).
8. Four distinct phases of IT growth can be differentiated based on the storage and processing technologies employed: pre-mechanical (3000 BC-1450 AD), mechanical (1450-1840), electromechanical (1840-1940) and electronic (1940-present).

12.7 SUMMARY

- Blue Revolution is a government initiative to expand the aquaculture industry. It began in China as it accounts for around two-thirds of the worldwide total output of aquaculture. The Neel Kranti Mission was the beginning of India's Blue Revolution with the vision of achieving India's economic growth with development, bio-security, and environmental issues in mind.
- The goal of the Neel Kranti mission was to improve the economic situation of India by growing fisheries and thereby contributing to food and nutritional stability. The Neel Kranti Mission has made sustainable use of water resources for the production of fisheries.
- Nuclear energy provided about 16 per cent of the world's electricity needs at the end of the 20th century. The Three Mile Island and Chernobyl incidents, as well as the globalization and deregulation of the markets for oil and electricity, have contributed to a slowdown in the development of nuclear energy.
- Factors such as energy security, variety of energy sources for electricity generation and conservation of the environment should be taken into account in the choices available to meet electricity demand.
- Nuclear power is considered a viable choice for the generation of electricity if its basic characteristics are taken into account and the requirements it imposes can be fulfilled, especially in order to maintain a very high level of safety.

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- In order to further technological progress, which in turn brings new benefits to society, continuous research efforts and knowledge expansion in nuclear physics are required. The goal of the IAEA is to encourage the best available solutions today and to create better solutions for tomorrow.
- After coal, gas, hydroelectricity and wind power, nuclear power is the fifth largest electricity source in India. India has 22 nuclear reactors in operation in 7 nuclear power plants as of March 2018, with a total installed capacity of 6,780 MW. Nuclear power generated a total of 35 TWh and supplied 3.22 percent of Indian electricity in 2017.
- India has made strides in the field of thorium-based fuels, working through the ITER project to design and construct a prototype for an atomic reactor using thorium and low-enriched uranium, a crucial part of India's three-stage nuclear energy program in the field of fusion power.
- Nuclear-power-related threats led Indian lawmakers to pass the 2010 Nuclear Liability Act, which specifies that in the event of an accident, nuclear manufacturers, contractors and operators must be financially liable.
- India has already used imported enriched uranium for light-water reactors that are currently subject to IAEA safeguards, but to sustain its reactors, it has established other elements of the nuclear fuel cycle. Restricted imports have strongly influenced the production of select technologies.
- Space science is a large research area, from the use of space technology to the observable universe. Earth science, material science, biology, medicine, and physics are all important to the field of space exploration. The concept includes experimental payloads, expanded to include sounding rocket experiments in the upper atmosphere, and high-altitude balloons, at every altitude from deep space to low Earth orbit.
- In 1950, with Bhabha as its secretary, the Department of Atomic Energy was created. The department provided financing in India for space science. During this period, tests continued on aspects of meteorology and the magnetic field of the Earth, a subject that has been studied in India since the observatory was founded at Colaba in 1823.
- In 1962, the Indian National Research Committee on Space (INCOSPAR) was created.
- Breakthrough Starshot is an engineering research project by the Breakthrough Initiatives to create a concrete evidence light sail spacecraft fleet called StarChip to be able to make the journey 4.37 light-years away to the Alpha Centauri star system.

- Artemis program will be the next step towards the long-term objective of creating a permanent footprint on the Moon, setting the groundwork for the creation of a lunar economy by private corporations, and finally sending people to Mars.
- The use of computers to store, retrieve, distribute, and manipulate data or information is information technology (IT). In comparison to personal or entertainment technology, IT is usually used within the context of business operations. IT is a subset of information and communication technology considered to be (ICT).
- Digital technology is associated with many goods or services within an economy, including computer hardware, software, electronics, semiconductors, the Internet, telecommunications equipment, and e-commerce.

12.8 KEY WORDS

- **Blue revolution:** It refers to the time of intense growth in the worldwide aquaculture industry from the mid-1960s to present.
- **IAEA:** It is the International Atomic Energy Agency which is an international organization that seeks to promote the peaceful use of nuclear energy, and to inhibit its use for any military purpose, including nuclear weapons.

12.9 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. List the components used in the Blue Revolution Schemes.
2. What are the features of the Blue Revolution?
3. List the major outcomes of India's Blue Revolution.
4. Which factors should be taken into account while selecting an available energy source to meet electricity demand?
5. Why is the setting up of a nuclear power plant more laborious than coal or oil fired power plant?
6. What is the Nuclear Liability Act?
7. Which fields of science are included in the space research?

Long-Answer Questions

1. Explain the objectives of the Neel Kranti mission.
2. Elaborate on the role, benefits and importance of nuclear energy for commercial purposes in India.
3. Illustrate the contribution of scientists in Indian space research.
4. State the major Government Initiatives in the IT Sector.
5. Discuss the establishment, vision and objectives of ISRO.

12.10 FURTHER READINGS

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BLOCK V
INDIAN SPACE RESEARCH AND SOCIAL CHALLENGES

UNIT 13 CONTEMPORARY CHALLENGES

Structure

13.0 Introduction
13.1 Objectives
13.2 Communalism
13.3 Terrorism
13.4 Liberalization and Privitization
13.5 Answers to Check Your Progress Questions
13.6 Summary
13.7 Key Words
13.8 Self Assessment Questions and Exercises
13.9 Further Readings

13.0 INTRODUCTION

After freedom from colonial rule, India has been facing one of the most serious problems, i.e., communalism. This problem has existed among the followers of two principal religious communities, i.e., Hindus and Muslims, and has raised a great challenge before the secular structure of India many times. In India, since the year 1947 up to the year 2002, the amount of property that has been lost in communal violence, with that, if not more, at least 2 crores and fifty lacs people could easily be given employment; the problem of housing and education of the same number of people could be solved. Some sections of the Hindu and the Muslim communalists used religion as the mobilizing factor for their selfish interests. We may say that religion by itself was not a major contributor to communalism as such but the narrow minded religiosity promoted by intolerant leaders led to extreme communalism with a political end. This gave rise to communal politics. Today political parties lobby a community using their religion as the lobbying tool. India is among the top 10 countries in the world affected by terrorist actions. India's tryst with terrorism and violent extremism can be traced back partly to the religion based partition in 1947, which ripped the sub-continent into two nations: India and Pakistan. The sub-continent remained witness to the most horrifying ethnic riots in modern history,

which were marked by extreme violence and acts of terrorism. In this unit, we will study in detail about the contemporary challenges which India faces, including communalism, terrorism and the challenges posed by liberalization and privatization.

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13.1 OBJECTIVES

After going through this unit, you will be able to:

- Explain the meaning of communalism according to Marxist interpretation, Nehruvian approach and Sarvepalli Radhakrishnan
- Describe the cause and impact of communal violence and communal politics
- Discuss the factors that lead to terrorism and encourage the 'us versus them' thinking

13.2 COMMUNALISM

The term 'communalism' has its roots in the word 'community'. Communalism refers to the politics of conflict between the members of different communities. It is a derogatory perception of communities other than one's own, and in this one community is instigated against the other in the name of religion. This evil restricts one's sympathy to the community of one's birth. It is opposed to secularism as it has a pattern of socio-cultural co-existence and of political integration. Communalism has a twofold negative effect, which consists of the following:

- In it, individuals consider their own religion to be superior to that of others.
- It promotes hatred and intolerance against people of other communities.

India is a land of diverse regions and cultures and its strength lies in this acceptance and understanding of cultures and religions other than its own. It is believed that India's unity lies in diversity. Therefore, communalism leads to ill feelings within the members of a nation and is a threat to national unity.

Historical Perspective of Communalism

If one assesses the present-day Indian politics, one can easily notice that communalism has emerged as the biggest challenge for the Indian democracy in the last two decades. Though, this is not a new phenomenon. It has been in India since the Mughal period. However, many political scientists and historians consider it a modern phenomenon, because they think medieval period political system was based on feudal polity and non-competitive economy, so it did not permit any competition between different groups. However, you can find a number of instances in India itself during medieval times where Mughal leaders discriminated and imposed taxes on religious lines.

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Communalism as Modern Phenomena

Communal violence is the most popular interpretation of communalism. Those who support this argument consider it as a product of colonial period, which saw competition for power among the two elite communities and invoked religion for mobilizing masses from the communities. Thus, religious identity became a strong tool for the elites of the two political communities and communal strife turned into religious strife.

Take the example of the pre-independent era. The leaders of the Hindu Mahasabha and the Muslim League in the pre-independent India used religious rhetoric and created sharp perceptions of 'religious strife' among people of their respective communities. Mohammed Ali Jinnah was a modern liberal constitutionalist, but when he failed to arrive at a 'satisfactory' political arrangement with the Indian National Congress, he started to use religious rhetoric to mobilize the Indian Muslims behind him and it led to clash, violence, distrust and ultimately to the Partition.

Communalism as False Consciousness (Marxist Interpretation)

Communalism is a modern phenomenon and a by-product of colonialism, colonial economy, and the unequal development of society. It developed because of new social structure emerged that generally finds themselves in desperation and tries to compete against one another for scarce resources. After the collapse of subsistent economic system and feudal polity, new capitalist economy emerged based on competitive mode. Obviously, where earlier the society was living in paucity, this new economy had given people new aspirations, that led competition within India's new class (known as middle class) and they started competing against each other.

As a result, it led to a perpetual and increasingly intense, tough and unhealthy competition among the individuals for jobs, in professions and among traders and shopkeepers for customers. Every available means was used in this competition and no weapon was too lowly if it could bring success within one's grasp. A certain edge and urgency was imparted to their worldly struggle to maintain the class position and identity. In fact, this struggle became increasingly sharp and even bitter though often also frustrating. This frustration, a sense of social deprivation and a constant fear of loss of identity and status often created an atmosphere of violence and brutality, which when triggered off by a religious issue led to communal riots.

Nehruvian View on Communalism

Jawaharlal Nehru tried to define communalism and secularism in his writings and speeches. In 1937, he wrote that communalism meant that in politics and social and economic matters, Muslims or Hindus must function separately as a group and deal with the other (religions) groups as one nation deals with another. So, also in trade unions, peasant unions, business, chambers of commerce and like

organizations and activities. Later, in 1944, he wrote in the *Discovery of India* that communalism was 'a narrow group mentality basing itself on religious community but in reality concerned with political power and patronage for the group concerned' and in 1955, after having seen the full face of the extreme communalism, he wrote that communalism was politics under some religious garb, one religious group being incited to hate another religious group.

In Nehru's eyes, the quintessential form of 'communalism' was a political party or organization formed on a religious basis and devoted to promoting a religious cause.

What is not Communalism?

The following features do not come under the category of communalism:

- Adherence to religion and religious system
- Personal attachment to a religious community
- Affiliation to any social, cultural and service section of a religious community
- Attachment to ritualism, superstition, obscurantism, magic charm and occult practices like astrology

Commitment to conservative values in social life and conservative orientation in politics is not communalism. It can be called social backwardness and political reaction. However, it should be recognized that all these aspects can be inputs into the development of communal consciousness, and indeed the communalists in various permutations and combinations have utilized most of these aspects in order to build their communal, political base. But communalism as a specific phenomenon in the Indian polity is something different and more specific.

Secularism and Communal Ideology

Secularism, basically, means separation of religion from the state and politics and it is treated as a private and personal affair. It also requires that the state should not discriminate against a citizen on grounds of his religion or caste.

Nehru's definition of secularism consisted of the following four points:

(i) Separation of religion from political, economic, social and cultural aspects of life.

(ii) Dissociation of the state from religion.

(iii) Full freedom to all religions and tolerance of all religions.

(iv) Equal opportunities for followers of all religions, and no discrimination and partiality on grounds of religion.

Secularism refers to firm opposition against communalism. Nehru saw secularism as a gift of freedom struggle and heritage of India's ancient and medieval past.

Communal Ideology

Communalism is an ideology based on the belief that the Indian society is divided into various religious communities with diverse economic, political, social and cultural interests. They are even hostile to one another due to their religious differences. Communalism is a belief system through which a society, economy and polity are viewed and explained and around which an effort is made to organize politics.

According to communal ideology, those people who follow same religion usually have common secular interests, i.e., people who follow same religion have not only common religious beliefs or interests but they also have common political, economic, social and cultural interests. It is the first bedrock of communal ideology. From this arises the notion of a religious community functioning as a community for secular purposes. Any person who discusses about Hindu community or Sikh community or about the interests of the Sikh or the Muslim or the Hindu community is already taking the initial step towards communalism whether he knows it or not, and however secular he might be feeling privately or genuinely at heart, unless the concept of community is used for religious purposes only.

Communalism is opposed to the rational civic basis of party formations and minorities, segments and division within a polity and political system. Communalism perceives majorities and minorities, segments and divisions within the polity and the nation, based essentially on religious communities and not even on other inscriptive bases (like that of family, clan, tribe, *jati*, language region or domicile) and certainly not on the basis of political, ideological, party, class, interests or strata considerations, which is the hallmark of a modern political system. Communalism is the single biggest subversive ideology in contemporary India.

Communal Violence and Communal Politics

Communal violence (or communal riots), is a particular approach to politics, which is practised at a sustained level. Communal violence involves incidents of violence between two religious communities. It can be sporadic in nature and mainly forms a law and order issue to be handled on the spot for restoring peace and calm.

Though communal politics does not need immediate police intervention, it has much more damaging implications over the long term. It breeds feelings of suspicion between religious communities and also rises to frequency of violence, which in turn sustains communal politics.

Communal politics is a South-Asian expression for ethnic or sectarian politics. Such politics is based on a belief that religion forms the basis of a common identity; that members of a particular religious community have the same economic, political and social interests. In the other words, communal politics works on the belief that

each religious community is distinct from the others in its religious, cultural practices, lifestyles and value systems, which become the basis of differences in socio-economic interests between these communities. In the absence of shared interests, it is only distrust and suspicion that tends to define the relationship between different communities. Communal politics generates mutual distrust between religious communities. This feeling of distrust often leads to violence, which has a place of importance for communal politics, as it deepens the mutual suspicion and hatred which fuels the violence in the first place. Communal violence, leads to communal polarization of society and hence, helps in the expansion of communal politics.

Communal politics in this sense is primarily a form of politics, which mobilizes a particular religious community for political power. It is the exploitation of religious differences for political gains. Communal politics may also take the form of highlighting the communitarian interests of a religious group without necessarily generating hatred towards any other community. What is important about communal politics is that it is not driven by any religious or spiritual issue, but secular interests, which can range from bargaining for jobs, educational concessions, political patronage, separate representation or control over institutions of governance.

The sources that lead to communal conflict are as follows:

- Struggle for property
- Sexual offences
- The urge for economic domination among the elite Hindus and Muslims
- Political interests and communal behaviour to capture political power
- Scramble for jobs, clashes of economic interests and personal animosities
- Cow-slaughter and religious processions of one community passing places of worship of the other

Communal Politics

Communal politics openly resorts to communal mobilization for political ends. There is a politics which opportunistically resorts to communal mobilization for short-term electoral gains. In the first category are groups like the VHP, the Shiv Sena, the Muslim League and the Majlis-e-Ittehadul Muslimeen. In the second category are parties like the Congress-I, the Trinamool Congress, the Telegu Desam and the Samata Party.

The political programmes of the first group are openly based upon mobilization of religious communities, whereas the second group opportunistically uses communal themes against communal issues. For instance, the Congress pandered to Hindu communalism when it passed orders to open Babri Mosque to Hindus for prayers. The Congress also tried to please the Muslim communal interests when around the same time (1986) it overturned the Supreme Court Judgement on the Shah Bano case, which had ordered maintenance to be paid to the divorced Shah Bano by her husband.

The Constituent Assembly debate, at the time the Constitution was being drafted, on the desirability of a uniform civil code is interesting for the arguments for and against ruling of Shan Bano case and politics of communalization in India.

While Congress leader of Nehruvian persuasion tended to think that a uniform civil code was an essential part of India's identity as a secular state, certain Muslim opponents made the case that their personal law was part of their religion, and therefore the state should not legislate on such a matter. Some Muslims considered that their personal law dealing with divorce, marriage and inheritance was derived from the *Quran* and was therefore unalterable, while others, acknowledging the need for a uniform code in the long run, said the time for it had not yet come and that the consent of the Muslims had to be gradually obtained. In the end, the objective of a uniform civil code for India was left in the status of a 'directive principle' included in the Indian Constitution, which said that the state shall endeavour to secure for the citizens a uniform civil code throughout the territory of India.

The Shah Bano case came up in 1985 in the context of ambiguous precedents. Shah Bano, a divorced Muslim wife, sued for maintenance. The Bench Chief Justice ruled that Muslims were subject to the maintenance provisions (as stated in the Indian Code of Criminal Procedure), and also went on to pronounce gratuitously that this ruling was in accord with Islamic law (he based this interpretation on the basis of the Islamic concept of *mehr*).

The Muslim Personal Law Board intervened on behalf of Shah Bano's husband and having been unsuccessful in their appeal to the Supreme Court, took their case to Parliament. The Congress (I) had already suffered reverses in the by-elections in Uttar Pradesh, Assam and Gujarat. It is alleged that Rajiv Gandhi, who had electoral considerations in mind, persuaded the Indian Parliament to pass a statute, entitled Muslim Women (Protection of Rights on Divorce) Act, 1986, which undid the Shah Bano case decision.

According to this new codification of Muslim personal law, the divorced woman's husband is obliged only to return the *mehr* (dowry or marriage settlement) and pay her maintenance during the period of *iddat* (the period of three months following the divorce). If the divorced woman is not able to maintain herself after the *iddat* period her maintenance will be the responsibility of her children, or parents, or those relatives who would be entitled to inherit her property upon her death; if she has no relatives or if they have no means to pay her maintenance, the magistrate may direct the State *Wakf* Boards (administrators of Muslim trust funds) to pay the maintenance determined by them.

Shah Bano herself, under pressure from the mullahs, withdrew her claim. However, the earlier court decision is still on record, and there is a powerful drive among some court judges not to treat Muslims as a category excluded from provisions that are viewed as national in scope and applicable to all citizens.

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The government's decision (the government in question here being that of Rajiv Gandhi associate with the Indian National Congress as the ruling party) to allow Muslim personal law to prevail in reversal of the court decision is one of the conspicuous grievances voiced by the leaders of the various component units of the Hindu nationalist movement (Sangh Parivar). It is constantly held forth by them as a case of the Congress' favourtism towards the Muslim minority at the expanse of the sentiments and interests of the Hindu majority. It was also vigorously protested by the activist women's organizations as regressive with regard to women's rights.

During the Gujarat communal violence in 2002, parties like the Telugu Desam, the Samata Party, the Janata Dal and the DMK confined themselves to verbal criticisms and did not use their parliamentary leverage to force the Government's hand on the issue.

The role of the police and state institution in communal violence has been criticized at many occasions by state appointed commission itself. From every major incident of communal violence in the country, what has almost invariably emerged is the partisan role of the state institution. When Mulayam Singh Yadav (then Chief minister of Uttar Pradesh) resorted to the excessive forces against Ramjanambhoomi activists, message went to the public that he was doing all these thing to consolidate his Muslim vote bank. Just the opposite happened when Kalyan Singh government came to the power after replacing Yadav and it gave free hand to Ramlala activists to demolish age old disputed structure. The Central Government dismissed the state government of BJP on the ground of threat to India's secular fabric; the Supreme Court of India upheld the decision and remarked they could not be trusted to adhere to secularism when they had admittedly come to power on the political plank of constructing Ram Mandir on the site of Mosque by relocating the Mosque elsewhere.

From judicial point of view, the Supreme Court judges used one piece of legislation as a decisive consideration that nailed the case on behalf of the Union of India; that was the Representation of People Act, 1951, Section 29A. This Act holds that a political party or a group of individual citizens in India calling itself a political party pledge to uphold the constitution should not ignore the fundamental features of the Constitution and the laws.

Dr Sarvepalli Radhakrishnan's Philosophy on Communalism

Sarvepalli Radhakrishnan was an Indian philosopher and statesman who was the first Vice President of India and the Second President of India. He had given an exegesis, which might qualify as one of the 'official' Indian specification' of secular politics.

According to him: 'When India is said to be a secular state, it does not mean that you reject the reality of an unseen spirit or the relevance of religion to life

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or that you exalt irreligion. It does not mean that secularism itself becomes a positive religion or that that the State assumes divine prerogatives. Though faith in the Supreme is the basic principle of the Indian tradition, the Indian State will not identify itself with or be controlled by any particular religion. We hold that no one religion should be accorded special privileges in national life or international relations for that would be a violation of the basic principles of democracy and contrary to the best interests of religion and government…. No person should suffer any form of disability or discrimination because of his religion but all alike should be free to share to the fullest degree in the common life.'

More or less the official view of state on religion replicates the explanation of Radhakrisnan's interpretation. Government believes in the process of national integration to India and religion can play an important role in it. It can bring about harmony and unity, foster 'common values' by 'tension-management' and by operating as a mechanism of social control. It can also promote national integration through the propagation of religious tolerance and harmony.

Emphasis on moral education through religious texts inculcates moral and spiritual values among children. Further, the state should function as an agency for carrying out programme of socio-economic change to harmonize relations between different antagonistic or hostile groups. Obviously, national integration cannot be achieved simply by spreading the ideology of religious co-existence and harmony.

Keeping the above views and explanation of communal challenges and communal politics in India, one can understand the complexity of Indian society and confusion on policymaker's mind to how to tackle nuisances of communal politics and partition role of state institution.

Politics of convenience makes this problem more problematic. Political party's role in sighting and polarizing people on communal line for consolidating its vote bank emerged as main obstacle in integration process of the country. Policy of minority welfare and its interpretation and re-interpretation on different level also make things worrisome for group who avail the benefit. If the state wants to play a positive role in religious matter, it has to first pledge that it would not come under pressure on sectarian ground.

Check Your Progress

1. What are the twofold negative effect of communalism?
2. Why do many political scientists and historians consider communalism a modern phenomenon?
3. Why did communalism come into existence according to the Marxist interpretation?

13.3 TERRORISM

Let us now look at some definitions of terrorism and understand terrorism in a multi-ethnic state.

Terrorism is a circuit of reciprocal violence, where the main players are the state establishment and the challengers of the same. S.B. Bhattacharya (1989) defines terrorism as a protracted armed struggle conducted methodically step by step in order to obtain specific intermediate objectives leading finally to the overthrow of the existing order. Proceeding further, based on its dimension, terrorism is understood as an action process in which one or more organisations pursue the strategy of violence to bring change in society, in accordance with some ideology.

However, both the definitions of terrorism fail to take note of the role of the society at large. In both, the society behaves like a passive onlooker. But this is far from true. Terrorism requires the support and sympathy of a sizeable section of the population in varying degrees of shifting intensity on some grounds, which the concerned populations consider to be rooted in social ethics of one order or the other. In the absence of a modicum of public support, terrorism degenerates into sporadic violence even if for a legitimate cause. Terrorism has many faces. Secessionism, i.e. territorial break away from the existing state and establishment of a new state is only one of them. Separatism standing for not a complete break but partial dissonance from state establishment, on certain issues, may also trigger off sustained violence. Much of the terrorist challenge may, however, come not from within the state, but from without. This is particularly true for multi-ethnic countries where ethnic strife often becomes the root cause of terrorism. The problem of terrorism in any multi-ethnic country can be explained as much by global factors as by local ones. In the first place, there is a problem of definition. Literally speaking, terrorism is rebellion. Every rebellion has to be against an order or an authority. A terrorist therefore, is one who is seen so by an authority. An authority, further, is one which enjoys legitimate power. Legitimacy, in turn is tied with the prevailing order and that prevailing order is ultimately decided by power—physical, economic, intellectual and so on. A terrorist may have a completely different perspective on the same issue. For one who does not accept a prevailing order, terrorism is an act of resistance or transformation especially in a multi-ethnic state. The understanding of terrorism needs an important analysis of identity as well. The term 'identity' refers to a complex theoretical construct involving elements originating at three levels:

(a) cultural identity
(b) social identity and
(c) personal identity

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Cultural identity represents the specific cultural values a person incorporates throughout life as guiding principles for behaviour, such as collectivism, absolutism in belief, and familism. Such values are internalised perspectives derived from multiple sources, including involvement with national, ethnic, religious, cultural, and educational communities, exposure through various media, as well as participation in personal social networks.

Social identity represents the self-ascribed significance attached to the social groups to which one belongs and with which one interacts directly, along with the feelings associated with participation in these groups' activities. Social identity also reflects the beliefs and feelings about those groups that one perceives as standing in opposition to the groups with which one is affiliated; in other words, groups that are 'not us'. While the values comprising cultural identity are abstract and may be vague, the loyalties to those groups associated with one's social identity are likely to be intense and specific. Personal identity represents both (a) one's chosen or ascribed goals, values, and beliefs, and (b) the personal perspectives a person uses to make sense of the world.

The study of terrorism requires not only an understanding of the 'main effects' of each level of identity, but also appreciating the 'interactions' among these levels. For example, feelings of disenfranchisement from mainstream society are not uncommon among young people, but in very few cases does this prompt a person to become a suicide bomber. However, such feelings of disenfranchisement, when coupled with fervent adherence to traditional, dichotomous 'us versus them' religious principles justifying violence against those perceived to threaten one's religious or cultural group, a strong prioritisation of the group over the individual, and a belief that one's group is morally superior to the group being attacked, may combine to make terrorism considerably more likely.

The interactions among these various identity levels are clearly complex, and a theoretical analysis capable of untangling this complexity must be ambitious, multidimensional, and integrative. One of the first prerequisites for terrorism is collectivism, which is, prioritising the group over the individual. Clearly, people who value themselves more than the cultural and social groups to which they belong are unlikely to sacrifice themselves to advance the agendas of such groups. It is, therefore, no coincidence that the large majority of suicide attackers are strongly collectivist themselves or are based in (or have roots in) countries or regions characterised as strongly collectivist. In societies characterised by a predominance of collectivism over individualism, social identity takes precedence over personal identity. One would expect, therefore, that individuals in these societies would seek to protect and advance the goals of the groups to which they belong to a greater extent than they would seek to advance and protect their own personal goals.

However, terrorism takes this to its extreme, Schwartz has characterised terrorism as a 'maximally collectivist' position, where the interests of the terrorist "become fused with [those of] the group [s/] he represents."

Terrorism requires people to be divided into two categories— those whose interests are to be advanced through terrorist activities ('us') and those against whom the terrorist activities are to be directed ('them'). This cognitive dichotomisation may be based on religious, ethnic, racial, or other cultural criteria. It extends beyond mere descriptive differentiation to include an intense evaluative component as well. Those associated with 'us' are viewed as moral, right, good and strong. Those associated with 'them' are seen as immoral, wrong, bad, and weak. The greater the extent to which cultural influences promote dichotomous cognitive structures, the less willing and able members of the culture may be to view the world from the perspective of the 'other'. This is a process that is referred to as 'pseudo speciation'.

One of the most powerful cultural forces contributing to the 'us versus them' thought is the presence of absolutist religious belief systems. Religions are absolutist in nature when they advance the view that they have precise and complete understanding of the truth, and that therefore all other religions are in error. Such absolutism promotes a dichotomous 'us versus them' thinking in which the world is divided into believers and nonbelievers. Such thinking, in turn, provides an intellectual rationale for efforts to convert, subjugate, or eliminate those identified as nonbelievers. Religious concepts contrasting believers and nonbelievers, such as infidels, sinners and heretics, can provide justification for attacking out group members. Today, religious grievances of this type most often, but not exclusively, involve Islam, although in earlier times similar conflicts have occurred involving most other major religions. There is evidence that religiosity is associated with participation in terrorist acts. Within certain religious faiths, the more rigid and radical one's religious beliefs are, the greater the possibility that one will participate in terrorist attacks. Further, certain sects of Islam hold that self-sacrifice, often in the form of suicide attacks, will win God's favour and redemption from one's sins. There appear to be, then, at least three ways in which religion at the level of cultural identity may lead to participation in terrorist attacks—religious absolutes promoting dichotomous 'us versus them' thinking, intense religiosity, and belief in the promise of redemption or in having been commanded to protect the faith.

These factors may interact with personal and social identity, as discussed later. 'Us versus them' thinking is also evident in ethnicity-based conflicts. In these types of conflicts, as in religion-based terrorism, the gap between groups is based on differing cultural perspectives. Here, race and perceived nationality (e.g., Basque versus Spanish, Irish versus English, Tamil versus Singhalese) also play important roles. Ethnic grievances can involve any group that believes its territory or rights have been wrongly usurped. As with religion, elements of culture associated with ethnicity provide a system of values by which to live and to relate to others within and outside the group. Those cultural values may promote, tolerate, or oppose the use of terrorist tactics in efforts to establish independence, or at least autonomy, from the groups perceived as the sources of threat or persecution. When a group's cultural values include strongly collectivist principles, the 'us versus them' thinking,

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perceived threats to the group's existence, and derogation and dehumanisation of outgroup members, the conditions for terrorist activity are present. Still another cultural element of cultural identity that can serve to promote terrorist activities is familism. Within many cultural groups, there is a hierarchy of loyalties running, in inverse order, from the nation-state, to the tribe, to the clan, and to the extended family. Such cultural arrangements typically place obligations on individuals for upholding family honour and avenging wrongs done to the family. When familial and cultural obligations result in violence directed against members of one's own cultural community, they can be interpreted as normative, even by those towards whom the aggression is directed. When directed against members of other cultural groups, comparable forms of aggressive action may meet the criteria for terrorism. Although a cultural identity embodying collectivist values, religious absolutism, dichotomous 'us versus them' thinking, and an emphasis on familial obligations is conducive to the emergence of terrorism as a tactic in response to a grievance, identity at this level is not sufficient for explaining terrorism. There are numerous 'collectivist' societies in which terrorism is not a response to conflict. 'Us versus them' thinking, whether based on religious or ethnic differences, may as readily result in efforts to remain separate from the 'other' as it may in conflicts between groups. And it is also true that terrorism has been engaged in (albeit less frequently) by individuals raised in Western nations characterised primarily by individualistic values.

Check Your Progress

4. State the three levels of identity.
5. In which categories does terrorism divide people?

13.4 LIBERALIZATION AND PRIVITIZATION

In this section, we will discuss the liberalisation and privatisation.

Liberalization

The word liberalization has its source in the 'liberalism' political philosophy that took its form at the beginning of the 19th century. To put an end to these prohibitions and open up different aspects of the economy, liberalisation was implemented. Liberalization is a system by which a state lifts limitations on individuals' private practices. Liberalization occurs when something that used to be prohibited is no longer banned, or when government controls are relaxed. The reduction of state intervention in the economy is known as economic liberalization.

Liberalization of social policy may refer to a relaxation of laws preventing cases such as divorce, abortion, or psychoactive drugs. With respect to civil rights, it may refer to the abolition of legislation banning homosexuality, the private property

of weapons or other objects, same-sex marriage, inter-racial marriage or inter-faith marriage.

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Pathway of liberalization

- International investors' relief
- Devaluation of Indian rupees
- New industrial Policy
- New trade policy
- Removal of import Restrictions
- Liberalization of NRI remittances
- Liberty to import technology
- Fostering international tie-ups
- Relaxation of MRTP
- Public sector privatization

Objectives of Liberalization Policy

- To raise rivalry between domestic industries.
- Promote international trade with other regulated import and export countries.
- Foreign capital and technology improvement.
- To broaden the country's foreign business boundaries.
- To reduce the country's debt burden.

The accompanying advances were taken under the Liberalization measure:

(i) **Free assurance of loan cost by the Commercial Banks**: Under the arrangement of progression loan fee of the financial framework won't be controlled by RBI rather all industries Banks are autonomous to decide the pace of premium.

(ii) **Increase in as far as possible for the Small Scale Industries (SSIs)**: Venture cutoff of the small scale enterprises has been raised to Rs. 1 crore. So these organizations can overhaul their apparatus and improve their proficiency.

(iii) **Freedom to import capital products:** Indian enterprises will be allowed to purchase machines and crude materials from unfamiliar nations to do their comprehensive turn of events.

(iv) **Freedom for extension and creation to Industries:** In this new changed time now the Industries are allowed to enhance their creation limits and decrease the expense of creation. Prior government used to fix the most extreme constraint of creation limit. No industry could deliver past that limit. Presently the enterprises are allowed to choose their creation by their own based on the necessity of the industries sectors.

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(v) **Abolition of Restrictive Trade Practices:** As indicated by Monopolies and Restrictive Trade Practices (MRTP) Act 1969 each one of those organizations having resources worth Rs. 100 crore or more were called MRTP firms and were exposed to a few limitations. Presently these organizations have not to acquire earlier endorsement of the Govt. for taking venture choice. Presently MRTP Act is supplanted by the opposition Act, 2002.

In the event that the Indian economy is sparkling at the world guide as of now, its sole attribution goes to the usage of the New Economic Policy in 1991.

Advantages of liberalization

- Licensing in Industry
- Enhancing foreign investment.
- Increased consumption and Regulate over market value.
- Corruption verification.
- Significant decrease in reliance on external corporate debt

Disadvantages of Liberalization

- Unemployment Raise.
- Improving share of global nations
- Growth imbalanced

Privatization

This is the second of the LPG's three policies. The dominant position of private sector companies is growing and the role of public sector companies is decreasing. In other words, it is the loss of ownership of a government-owned enterprise's management. Government firms can be turned into private firms in two ways as follows:

- By disinvestment
- Withdrawal of government control and the management of businesses in the public sector.

Forms of Privatization

- **Denationalization**: The act is called denationalization, when 100 percent government control of productive assets is shifted to private sector players.
- **Partial Privatization**: If, by the transfer of shares, the private sector owns more than 50% but less than 100% ownership of a previously constructed public sector corporation, it is called partial privatization. The private sector holds most of the shares here. Subsequently, the private sector has considerable control over the operation and autonomy of the enterprise.

- **Deficit Privatization:** Deficit privatization is also known as token privatisation that referred to an extent of 5-10% to meet the deficit in the budget when the government disinvests its share capital in the market.

Objectives of Privatization

- Focus on improving the government's financial condition.
- Relieve the pressure of firms in the public sector.
- Raise Disinvestment Funds.
- Enhance the efficacy of public agencies.
- Provide all the customer with better and improved products and services.
- Establish healthy competition in the community.
- Motivating India's foreign direct investment (FDI).

Benefits of Privatization

1. The generation of additional government revenues by receiving compensation for privatizations;
2. Improving the management of the economy by reducing contradictions between regulatory and commercial roles of the public sector;
3. The advancement of the Kenyan economy's effectiveness by making it more open to market forces
4. Improvement in the financial markets.

Disadvantages of Privatization

- Industrial sickness
- Lack of welfare
- Class struggle
- Increase in inequality
- Opposition by employees
- Problem of financing
- Increase in unemployment and weaker sections
- Ignores the national importance

Conclusion

Economic liberalization has heightened the private sector's obligation and position. At the same time, the government's power over economic affairs has been diminished. The reforms are expected to liberalize the Indian economy enough to create a favorable atmosphere for rapid economic growth.

Nevertheless, the government is reluctant to abandon its position of owning and regulating economic activities. At the same time, their failure to invest on the

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provision of minimum services for health and education. Without investing enough on primary and secondary education, they are willing to spend on higher education. It has failed to provide an administration free of corruption, a necessary precondition for increasing competitiveness. The effectiveness of economic reforms depends on the commitment to the country's socio-economic development of all concerned individuals, political parties, bureaucracy and government.

Check Your Progress

6. What is economic liberalization?
7. In how many ways can government firms be turned into private firms?

13.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Communalism has a twofold negative effect, which consists of the following:
   - In it, individuals consider their own religion to be superior to that of others.
   - It promotes hatred and intolerance against people of other communities.
2. Many political scientists and historians consider communalism a modern phenomenon, because they think medieval period political system was based on feudal polity and non-competitive economy, so it did not permit any competition between different groups.
3. According to the Marxist interpretation, communalism developed because of new social structure emerged that generally finds themselves in desperation and tries to compete against one another for scarce resources.
4. The term 'identity' refers to a complex theoretical construct involving elements originating at three levels:
   (a) cultural identity
   (b) social identity and
   (c) personal identity
5. Terrorism requires people to be divided into two categories— those whose interests are to be advanced through terrorist activities ('us') and those against whom the terrorist activities are to be directed ('them').
6. The reduction of state intervention in the economy is known as economic liberalization.
7. Government firms can be turned into private firms in two ways as follows:
   - By disinvestment
   - Withdrawal of government control and the management of businesses in the public sector.

13.6 SUMMARY

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- The term 'communalism' has its roots in the word 'community'. Communalism refers to the politics of conflict between the members of different communities.
- Communalism has emerged as the biggest challenge for the Indian democracy in the last two decades. Though, this is not a new phenomenon. It has been in India since the Mughal period. However, many political scientists and historians consider it as modern phenomenon, because they think medieval period political system was based on feudal polity and non-competitive economy, so it did not permit any competition between different groups.
- Communal violence is the most popular interpretation of communalism. Those who support this argument consider it as a product of colonial period, which saw competition for power among the two elite communities and invoked religion for mobilizing masses from the communities.
- According to the Marxist interpretation communalism is a modern phenomenon and a by-product of colonialism, colonial economy, and the unequal development of society. It developed because of new social structure emerged that generally finds themselves in desperation and tries to compete against one another for scarce resources.
- Jawaharlal Nehru tried to define communalism and secularism in his writings and speeches. In 1937, he wrote that communalism meant that in politics and social and economic matters, Muslims or Hindus must function separately as a group and deal with the other (religions) groups as one nation deals with another.
- In Nehru's eyes, the quintessential form of 'communalism' was a political party or organization formed on a religious basis and devoted to promoting a religious cause.
- Secularism, basically, means separation of religion from the state and politics and it is treated as a private and personal affair. It also requires that the state should not discriminate against a citizen on grounds of his religion or caste.
- According to communal ideology, those people who follow same religion usually have common secular interests, i.e., people who follow same religion have not only common religious beliefs or interests but they also have common political, economic, social and cultural interests.
- Communal violence (or communal riots), is a particular approach to politics, which is practised at a sustained level. Communal violence involves incidents of violence between two religious communities. It can be sporadic in nature and mainly forms a law and order issue to be handled on the spot for restoring peace and calm.

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- Communal politics is a South-Asian expression for ethnic or sectarian politics. Such politics is based on a belief that religion forms the basis of a common identity; that members of a particular religious community have the same economic, political and social interests. In the other words, communal politics works on the belief that each religious community is distinct from the others in its religious, cultural practices, lifestyles and value systems, which become the basis of differences in socio-economic interests between these communities.
- What is important about communal politics is that it is not driven by any religious or spiritual issue, but secular interests, which can range from bargaining for jobs, educational concessions, political patronage, separate representation or control over institutions of governance.
- Communal politics openly resorts to communal mobilization for political ends. There is a politics which opportunistically resorts to communal mobilization for short-term electoral gains. In the first category are groups like the VHP, the Shiv Sena, the Muslim League and the Majlis-e-Ittehadul Muslimeen. In the second category are parties like the Congress-I, the Trinamool Congress, the Telegu Desam and the Samata Party.
- Sarvepalli Radhakrishnan was an Indian philosopher and statesman who was the first Vice President of India and the Second President of India. He had given an exegesis, which might qualify as one of the 'official' Indian specification' of secular politics.
- Emphasis on moral education through religious texts inculcates moral and spiritual values among children. Further, the state should function as an agency for carrying out programme of socio-economic change to harmonize relations between different antagonistic or hostile groups.
- Politics of convenience makes this problem more problematic. Political party's role in sighting and polarizing people on communal line for consolidating its vote bank emerged as main obstacle in integration process of the country. Policy of minority welfare and its interpretation and re-interpretation on different level also make things worrisome for group who avail the benefit.
- Terrorism is a circuit of reciprocal violence, where the main players are the state establishment and the challengers of the same. S.B. Bhattacharya (1989) defines terrorism as a protracted armed struggle conducted methodically step by step in order to obtain specific intermediate objectives leading finally to the overthrow of the existing order.
- The understanding of terrorism needs an important analysis of identity as well. The term 'identity' refers to a complex theoretical construct involving elements originating at three levels:
  (a) cultural identity

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(b) social identity and

(c) personal identity

- Cultural identity represents the specific cultural values a person incorporates throughout life as guiding principles for behaviour, such as collectivism, absolutism in belief, and familism. Social identity represents the self-ascribed significance attached to the social groups to which one belongs and with which one interacts directly, along with the feelings associated with participation in these groups' activities. Personal identity represents both (a) one's chosen or ascribed goals, values, and beliefs, and (b) the personal perspectives a person uses to make sense of the world.
- People who value themselves more than the cultural and social groups to which they belong are unlikely to sacrifice themselves to advance the agendas of such groups. It is, therefore, no coincidence that the large majority of suicide attackers are strongly collectivist themselves or are based in (or have roots in) countries or regions characterised as strongly collectivist.
- One of the more powerful cultural forces contributing to the 'us versus them' thought is the presence of absolutist religious belief systems. Religions are absolutist in nature when they advance the view that they have precise and complete understanding of the truth, and that therefore all other religions are in error. Such absolutism promotes a dichotomous 'us versus them' thinking in which the world is divided into believers and nonbelievers.
- When a group's cultural values include strongly collectivist principles, the 'us versus them' thinking, perceived threats to the group's existence, and derogation and dehumanisation of outgroup members, the conditions for terrorist activity are present.
- 'Us versus them' thinking, whether based on religious or ethnic differences, may as readily result in efforts to remain separate from the 'other' as it may in conflicts between groups. And it is also true that terrorism has been engaged in (albeit less frequently) by individuals raised in Western nations characterised primarily by individualistic values.
- Liberalization is a system by which a state lifts limitations on individuals' private practices. Liberalization occurs when something that used to be prohibited is no longer banned, or when government controls are relaxed. The reduction of state intervention in the economy is known as economic liberalization.
- Liberalization of social policy may refer to a relaxation of laws preventing cases such as divorce, abortion, or psychoactive drugs. With respect to civil rights, it may refer to the abolition of legislation banning homosexuality, the private property of weapons or other objects, same-sex marriage, inter-racial marriage or inter-faith marriage.
- Privatization is the second of the LPG's three policies. The dominant position of private sector companies is growing and the role of public sector

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companies is decreasing. In other words, it is the loss of ownership of a government-owned enterprise's management.

- Economic liberalization has heightened the private sector's obligation and position. At the same time, the government's power over economic affairs has been diminished. The reforms are expected to liberalize the Indian economy enough to create a favorable atmosphere for rapid economic growth.
- The effectiveness of economic reforms depends on the commitment to the country's socio-economic development of all concerned individuals, political parties, bureaucracy and government.

13.7 KEY WORDS

- **Communalism:** It is a term used in the world to denote attempts to construct religious or ethnic identity, incite strife between people identified as different communities, and to stimulate communal violence between those groups.
- **Secularism:** It is most commonly defined as the separation of religion from civic affairs and the state. The term has a broad range of meanings and may connote anticlericalism, atheism, naturalism, or removal of religious symbols from public institutions.
- **Harmony:** It is a situation in which people are peaceful and agree with each other, or when things seem right or suitable together.
- **National integration:** It is the bond and togetherness between people regardless of their caste, creed, religion or gender.
- **Terrorism:** It is the unlawful use of violence and intimidation, especially against civilians, in the pursuit of political aims.
- **Collectivist:** It is an adherent of the practice or principle of giving a group priority over each individual in it.
- **Liberalisation:** It is the removal or loosening of restrictions on something, typically an economic or political system.

13.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. What is the Marxist interpretation of communalism?
2. What is Nehruvian view on communalism?
3. State the four points of Nehru's definition of secularism.

4. Name the sources that lead to communal conflict.
5. How does politics of convenience make the problem of communal politics more problematic?
6. How does 'us versus them' thinking affect people?
7. What are the objectives of liberalization policy?
8. What are the three forms of privatization?
9. State the advantages of privatization.

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Long-Answer Questions

1. Explain the issue of communalism with the help of recent examples of communalism in India.
2. What is communal politics? How is India reeling under it?
3. Describe Dr Sarvepalli Radhakrishnan's philosophy on communalism.
4. 'The understanding of terrorism needs an important analysis of identity as well.' Elucidate.
5. Elaborate on the advantages and disadvantages of liberalization.

13.9 FURTHER READINGS

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UNIT 14 GLOBALIZATION AND HUMAN RIGHTS

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Structure

14.0 Introduction
14.1 Objectives
14.2 Globalization
14.3 Human Rights Violations
14.4 Environmental Threats and their Impact on Society
14.5 Answers to Check Your Progress Questions
14.6 Summary
14.7 Key Words
14.8 Self Assessment Questions and Exercises
14.9 Further Readings

14.0 INTRODUCTION

Globalization may be defined as the integration of a nation's economy with the world economy. The collection of multiple strategies that are directed at transforming the world towards greater interdependence and integration leads to globalization. It includes the formation of networks and pursuits transforming social, economic and geographical barriers. Globalization connects the economic affairs pf the nations in such a way that the events in India can be determined by the events happening in another part of the world. India embarked on the path of liberal economic reform in the 1990s after years of having a controlled and restricted economic environment. The most important and critical segments of this reform were trade and foreign investment. Globalization has affected India through increased prosperity, partly triggered by increasing trade volumes, investment and growth. Along with the globalization and its impact, this unit also deals with the subject of human rights. Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination. International human rights law lays down the obligations of Governments to act in certain ways or to refrain from certain acts, in order to promote and protect human rights and fundamental freedoms of individuals or groups. One of the great achievements of the United Nations is the creation of a comprehensive body of human rights law—a universal and internationally protected code to which all nations can subscribe and all people aspire.

14.1 OBJECTIVES

After going through this unit, you will be able to:

- Describe the impact of globalization on the world and on the economy of India
- Explain the relationship between globalization and poverty
- Discuss human rights violation
- State the environmental threats and their impacts on society

14.2 GLOBALIZATION

Globalization can be defined as the process of integration of economies and societies. It is about the intermingling of different cultures. Globalization leads to interdependence of economies on the economic well-being and productive capability of other economies (Upadhyay, 2014). The term globalization is primarily used in the context of economies. Among the many indicators for measuring the impact of globalization, the KOF Index for Globalization provides summary information about the global integration of economies. Other yardsticks are also measured and they primarily concern with the different economic parameters like the distribution of products across economies, fragmentation of production, and foreign direct investment in economies.

Economists promoted globalization of economies across the world with the primary objective of bringing about betterment to the lives of people. It was envisaged that increased growth in economies would bring about parity in income distribution that in turn would achieve reduction in poverty levels in all countries including developing nations like India. Along with the rest of the world, India too ventured on the path of globalization, but economists are now questioning the cause of globalization in the context of poverty, income distribution and inequality in India.

In this context, it is necessary to elaborate upon the concept of income inequality, as it will help in understanding this key parameter in the overall measurement of poverty. Income inequality is the difference that exists among the people in the distribution of their assets, wealth, or income. Other different terms are also used to define this form of inequality, such as economic inequality, wealth gap, gap between the rich and poor and wealth disparity, all of which basically connote the same meaning, i.e., income inequality. With rising inequality among societies, the importance of the income inequality has increased in recent times and there has been considerable debate on the various facets of globalization like the equity, equality of outcome, equality of opportunity, and life expectancy. Now, let us discuss globalization in relation to various contexts.

1. **Globalization and economic growth**: The liberalization of the economy in India happened in the 1990s when the first policies were initiated and

implemented by the then Finance Minister Dr Manmohan Singh. These policies were drawn up to usher in globalization in India. Since then India has undergone profound change and the economic condition of the country has increased significantly. Over the years, India has improved by leaps and bounds and is now considered to be one of the fastest growing economies in the world. In fact it has now become the 4th largest economy in the world in terms of the purchasing power parity (PPP). As per conservative estimates the economy is expected to grow at an average yearly rate that will range between 6 per cent and 7 per cent.

High economic growth has brought about profound improvement in the civic amenities. The standard of living for the people of India has increased substantially as a result of the increase in the per capita income. It is a fact that the growth of the economy is an important yardstick in the reduction of poverty levels, and therefore the rise in the economic condition of India has had a favourable impact on the rate of poverty in the country.

2. **Globalization and growth of employment**: The level of employment in the country has shown favourable signs of improvement due to effect of globalization. Due to sustained introduction and implementation of liberalization policies, India has become a consumer-oriented market, which is governed by the changes, brought about by the demand and supply forces. Sustained high demand and commensurate supply chains have ensured that the growth in the market remains regular leading to a healthy economic scenario. Greater demand has also resulted in more and more job opportunities being created in different sectors. This has pushed up the per capita income considerably thus reducing poverty levels to a great extent.

   New employment scope and opportunities have come up and are coming up regularly in the manufacturing and service sectors thus providing a positive thrust in the overall reduction of poverty situation of the country. More and more industries are being introduced in the market to cater to the growing demand. Industries catering to personal and beauty care, agro products, health care, information technology and some other sectors have witnessed a boom. The service sector has a share of around 54 per cent of the annual Gross Domestic Product (GDP). The share of the agricultural and industrial sectors in the annual GDP is 17 per cent and 29 per cent.

3. **Growth of the agriculture sector and poverty**: Globalization has not only brought about changes in the towns and cities but also in the villages. A major portion of India resides in the rural areas where income is generated from agriculture and farming and it is here that the poverty levels are higher. Due to the globalization, changes have been brought about in the agricultural sector as well and this has helped to reduce the poverty problems of the rural masses.

Over the years, with regular improvement in technology, the agricultural process has taken giant strides towards improvement. Earlier farmers used traditional farming techniques for growing crops and various impediments like pest problems, weather situations, plagued and checked their progress. With globalization and the introduction of good seeds, fertilizers, modern farming techniques and better farm equipment, considerable improvement in agriculture has been possible. This has increased the produce in terms of quantity as well as quality. Farmers have now started earning more and have improved their per capita income and the standard of living.

The government has initiated comprehensive plans and policies to better upon the poverty situation in the rural areas. Special drive has been taken to improve irrigation networks and build dams to bring more arable land under cultivation. This has helped in bringing about an increase in the quantum of agricultural produce. The government through loans at cheap rate of interest has provided financial aid to farmers for procuring the best farm equipment and increase produce. The government has also set up the National Bank for Agriculture and Rural Development (NABARD) and various other Regional Rural Banks (RRBs) to financially assist farmers in need.

4. **Improvement in healthcare costs**: The overall health care system has also undergone extensive changes, though a lot more needs to be done. Overall, globalization has had a positive effect on the overall health care situation in the country. Medical innovations are constantly being made and this has brought about improvement in the health situation of the rural poor in India. The infant mortality rate and the malnutrition rate have significantly come down since the last decade.
5. **Analysis of globalization and assessing its impact:** Globalization can be split into two parts. The first part includes factors like technology, trade, flow of information, investment, communication and technology. The second part consists of policies having impact on the factors mentioned in the first part. Factors as mentioned in the first part are irreversible while the policies governing them are variable and based on choice (Gunter & Hoeven, 2004).

Measuring Globalization and Poverty

One of the most contentious issues in the analysis of the impact of globalization on poverty is the benchmark and yardstick to be used for measuring globalization and poverty. There exists substantial amount of literature devoted to trade and poverty measurement. Most contributors favour the use of policy measures of direct nature, such as tariffs or quotas, instead of trade volumes. Trade volumes are depicted in shares or parts, being exports plus imports divided by GDP. Even though trade shares are popular measures, they are not exactly the right tools for measurement because they are determined by trade policies, geography, country size, and macroeconomic policies.

Financial flow due to globalization is measured in two ways — either by creating indexes of policy or by using measures of actual flows. Capital controls, as collected by the International Monetary Fund (IMF), exemplify policy measures; again, actual capital flows are less desirable measures of policy than capital controls since flows are outcomes of many factors. It can be emphatically said that different measures of globalization are associated with different poverty outcomes. How globalization is measured determines whether globalization is good for the poor. Export related activity and foreign investment measures are generally linked with poverty reduction, while activities like the elimination of protection or import shares are indicators of rising poverty. Poverty is typically measured by choosing a poverty line, which reflects the minimum income or consumption necessary to meet basic needs. The World Bank has calculated a poverty line at $1 and $2 a day. Even though the minimum requirement or the poverty line may be different in different countries this uniform yardstick helps to compare poverty across nations of the world. The head count measure of poverty is simpler and it identifies the percentage of the population living in households with consumption or income per person below the poverty line.

There remain some disagreements over the methodology to be followed for measuring poverty. Whether poverty should be measured as the percentage of individuals who are poor (the incidence) or the total number of people who are poor. It is important and very relevant to state that based on empirical evidence it has been seen that while the incidence of poverty has steadily declined over the last twenty years, the change in the absolute numbers of poor individuals is dependent upon the specific criteria of choosing the poverty line. Hard facts show that between 1980 and 1990 the number of individuals who were living on $1 or less declined while the number for those living on between one and $2 did not show any positive change.

As far as the poverty index is concerned, the critics and the supporters use different methodologies for measuring it, critics usually prefer to use the absolute number of people who are poor as their preferred measure, while globalization's supporters prefer to use the incidence of poverty. It is perhaps because of the use of different yardstick for measuring poverty, that there is so much disagreement about the impact of globalization on poverty. The poverty line itself is not a fixed line and varies over time. In the opinion of renowned scholars like Eswar S. Prasad, Kenneth Rogoff, Shang-Jin Wei, and M. Ayhan Kose, 'One has to acknowledge that poverty is fundamentally a relative measure, which will probably gain an entirely different meaning as the world economy becomes more integrated. . . . For example, if global growth continues at a rapid pace during the next century, it is possible that by the end of the century emerging-market economies, including China and India, could attain income levels exceeding those of Americans today.' It can perhaps be stated without doubt that the poor in the world are becoming better off, moving forward from incomes of less than $1 to less than $2 per day. The crux of the

discussion will perhaps shift over time when the global income will inexorably expand and the issues of inequality, rather than mere subsistence, will be the fulcrum of the poverty debate.

It may be relevant to mention here that for the purpose of measuring poverty in India help has been available in the form of surveys which have thrown light on the dimensions and causes of poverty in India, ranging from village-level studies to national surveys. However, by far the most important tool for monitoring poverty since the 1960s has been the Household Consumer Expenditure Surveys conducted by the National Sample Survey (NSS) Organization. Various methods have been used to measure poverty with the NSS data. The estimates use household consumption expenditure per person as the indicator of individual welfare, and they use the urban and rural poverty lines developed by India's Planning Commission (Government of India, 1979). This poverty line was about 15 per cent higher in urban areas than in rural areas in 1973–1974. We should emphasize that the state-specific poverty lines based on specific price indices may have differed from the current poverty lines used by the planning commission, because they used a different set of spatial and temporal deflators to update poverty lines.

Theoretical Linkages between Globalization and Poverty

While tracing the theoretical linkages between globalization and poverty, the Stolper Samuelson theorem on international trade is perhaps very appropriate and relevant for study. The theorem states that the 'abundant' factor triggers an increase in the real income when a country opens up to trade. In developing countries like India the 'abundant' factor is unskilled labour and as per the theorem, this framework suggests that the unskilled poor in these developing economies gain the most from trade. The US based economists like Anne Krueger, Jagdish Bhagwati and T. N. Srinivasan all endorse this view and state that trade reforms in developing countries should always be pro-poor, because these countries are most likely to have a comparative advantage in producing goods made with unskilled labour. Therefore, expanding trade opportunities would cut poverty and reduce inequality within poor countries.

Critics opposed to this view categorically state that applying trade theory to suggest that liberalization will raise the wages of the unskilled in developing countries having abundant unskilled labour, is grossly incorrect and is in fact a dangerous assumption. Davis and Mishra opine that such arguments are based on a very narrow interpretation of the Stolper-Samuelson (SS) theorem. In particular, SS holds only if all countries produce all goods, if the goods imported from abroad and produced domestically are close substitutes, or if comparative advantage can be fixed vis-à-vis all trading partners.

Davis and Mishra develop a simple model to show that if imports and domestic goods (produced by the poor) are noncompeting, then the first-order effect of a trade reform would be to raise real incomes of the poor. Clearly, the

poor gain from tariff reductions on goods that they buy. If globalization raises the prices of goods produced by the poor—such as agricultural products marketed by farmers—then poverty is also likely to decline.

Other scholars and economists adopt a specific-sector framework in their quest to link globalization with poverty. In the specific-sector framework, workers or machines may be assigned to a specific sector or industry and are not easily movable. Consequently, any reduction in protection to sector X will lead to a fall in the incomes of workers who previously produced goods for that sector and are unable to relocate elsewhere. The simple logic involved in this theory is that: A fall in protection is assumed to cut prices of the previously protected good, which in leads to shifts in labour demand downward. The reverse syndrome also holds true: Any increase in export activity in sector Y would then prove to be gainful to the workers attached to that sector. The specific sector model suggests that workers may gain or lose as a result of globalization based upon the particular sectors (import or export) they are assigned to.

William Russell Easterly, an American economist specializing in economic development, extensively pursued the theoretical linkages between globalization and poverty in the context of a neoclassical growth model. Easterly showed that globalization could affect the incomes of the poor in two ways that are opposite to each other. Where the level of productivity is similar but the endowments are different, globalization raises the incomes of the poor. When there is free movement of goods and factors, returns equalize across countries. This is known as the factor endowment view. In developing countries where there exists abundant unskilled labour, removal of constraints on global trade will ensure that capital flows to these poor and developing countries thereby increasing per capita incomes. Exogenous productivity factors and differences across countries may lead to differences in per capita income and this difference may not be attributable to endowments. This second possibility means that globalization will either have no impact on the level of poverty or it would increase poverty because capital will move from low-productivity to high-productivity regions.

Impact of Globalization on Poverty via Prices of Production and Consumption Goods

Production costs and consumption goods also have an impact on poverty in the overall process of globalization. In many developing countries around the world, wages is not the primary source of income for the rural poor. In a country like Zambia, wages accounted for only 6 per cent of the income earned by the rural poor in the year 1998. It can thus be said that globalization can affect poverty levels by affecting the price of goods consumed by the poor and those produced by them. The fortunes of the rural poor and urban poor often depend on the prices of commodities. The urban poor are the consumers of the produce made by the rural poor and an increase in the price of such agricultural produce would lead to increased level of poverty for the urban poor, while the rural poor would see a

drop in poverty levels. This syndrome is backed by extensive studies carried out in countries like Zambia (maize production), Ethiopia (grain production) and Mexico (corn production). In all these countries the price of the respective commodities (as mentioned against the countries in brackets) had an impact on the poverty levels.

Which category of the poor are the winners from globalization?

If such a question as above is put forward then it can be safely stated, on the basis of facts and figures, that poor who can be termed as winners from globalization include those poor wage earners employed in the export-competing sectors and those in regions that are recipients of foreign direct investment. In the light of the scathing criticism levelled at globalization, these beneficiaries should be identified and emphasized while undertaking future research probing the relationship between globalization and poverty. Further studies to identify the impact of foreign investment inflows and export growth on poverty in India and China would be very useful.

How do we go about integrating those living in absolute penury into the world trading system?

Those individuals living in absolute penury are often untouched by globalization. This fact comes to light in the case of the poorest Mexican corn farmers who state that they never sell corn and among the poorest Ethiopian farmers who are net buyers of food. Africa as a continent attracts minimal direct foreign investment and whatever it exports are primarily unprocessed agricultural products. Further research in this area could shed some light on the ways to better integrate the really poor into the global trading system. The critical factors like lack of infrastructure, or land, credit, illness and other related issues need to be looked into.

Economic Performance

The process of globalization, as already mentioned above, took off during the 1990s with the advent of liberalized policies rolled out by the then Government of India. This caught up momentum during the 2000s and India accelerated its process of globalization. Initially, the Indian Government was slightly sceptical about the results of the liberalization process and it can be said that the government was somewhat forced to open the doors of liberalization due to very adverse balance of payment situation which the country faced at that time.

The decision came under fire from some quarters of conservative and traditional economists who termed the decision as ‘fatal for the country’. Even though India’s economy gained a lot from this decision, closer analysis point to certain changes in social and cultural values with economic consequences which were not uncalled for.

Globalization in India has opened the doors for international trade, production and capital. Since globalization, the GDP of India has witnessed a healthy rise. Between 2004 and 2008 the rise in GDP was about 8 per cent. The economic

integration of India with rest of world has propelled exports to touch $251 billion in 2011, up from $1.66 billion in 1991. However, the imports have also increased to $369.7 billion in 2011. The flow of foreign capital also saw a significant rise post liberalization and globalization and this flow of capital was successfully channelized to fund infrastructure projects like education and highways. Portfolio investment in India also benefitted to a huge extent. Between 1985 and 2002 investments in the security markets and equity markets leapfrogged many times. MNCs' set up shop in India to produce and sell products and services in the local as well as the international market, during this time.

From the above account it is evident that as far as overall economic growth of India was concerned, liberalization and globalization brought about immense change and positivity.

The job market in India also witnessed a sea change due to the ushering of globalization. The job market matured and became more competitive and wage rates have improved significantly over time. Most of the initial decisions relating to shifting production facilities from industrialized countries to India by MNCs were motivated by the lower cost of production (mainly wages), but eventually it improved the overall employment and wages in India (Bhalotra, 2002). The organized sector employment after initial hiccups picked up successfully and has ever since been getting better. The average wage or earning of each worker, on a per annum basis, has increased several times and this has resulted in arresting incidence of poverty levels. Integration at the global level has not only brought about an increase in wage rates, it has also resulted in the improvement of the skill level of workers leading to better earning potential for them.

Poverty

Among the many benefits derived from globalization, the improvement in economic growth rate in many countries is an important one, however, even more significant is the decrease in the number of poor in the world. Some economists and researchers have concluded that the overall benefits derived through globalization are far larger than the overall costs incurred. There are of course others who do not confirm to this theory of unrestrained benefits and glory from globalization. It has been concluded by some researchers that globalization has some negative impact on the poverty as well, particularly with reference to some Latin American countries. So the verdict on globalization can be tempered and said to be a mixture of both positive and negative effects.

When we consider the case of India, it can be stated that the experience is quite different. After the liberalization of Indian economy in 1991, poverty levels have shown downward trends consistently. People living below the national poverty line have been reduced to half during the period post globalization.

As per available statistics the poverty headcount index has shown a drop from 45 per cent in 1994 to 21.9 per cent in 2012. Different benchmarks as per international standards too prove that the poverty situation is improving in India

progressively. As per the WTO report of 2014, taking $2 and $2.5 as the poverty level threshold it is seen that the headcount has fallen from 55 per cent and 45 per cent in 1978 to 35 per cent and 25 per cent respectively in 2010.

The above facts and figures vindicate the fact that globalization has clearly been a redeeming factor as far as poverty is concerned. However, some researchers and scholars are skeptical and they opine that this reduction in poverty cannot be entirely attributed to globalization. Rather, there exist factors other than globalization which have contributed to the reduction in poverty levels.

Inequality

It is a fact that the process of globalization has set in motion a huge surge of economic prosperity in certain countries. Due to this unprecedented progress in economic activity levels, the distribution of income has spread to cover a larger segment of the society. This in turn has brought about a decrease in income disparity in certain societies. The reverse argument, i.e., globalization has contributed negatively by making poor societies poorer and more unequal have been advocated by scholars like Stilitz.

If we take the example of the USA then it can be seen that over several decades the country has witnessed consistent increase in income inequality. Increase in income inequality has been a phenomenon that has been found to increase in some countries as compared to others, but in the USA it has been the highest. As per available data from 2009, it has been noticed that income inequality was highest in Texas while it was the lowest in Maine in the US. Today, the major portion of the wealth is held by a few. Nobel laureate Joseph Stiglitz has drawn attention to the fact that the 85 richest people of the world hold as much wealth between them, which is equivalent to the wealth held by the bottom half of the world's population.

Statistically, it has been seen that in 2010 in India, inequality has significantly increased from the level of 1991. Thus, it can be stated that the inequality in income levels have spiralled during this period while during the same period, the level of globalization in India has increased significantly.

Distribution of Income

For the people in the lower income bracket it is essential that the income be distributed evenly so as to reach all members in the society. As per studies carried out in India, it is clear that income share held by the highest 10 per cent has come down in 2010 when compared to the level in the year 1978. The same trend for income share is witnessed among the highest 20 per cent. No significant change in income share held by lowest 10 per cent and 20 per cent is noticed and it remains at around the same level. However, between the periods 1991 to 2010, the income share held by highest 10 per cent and 20 per cent increased while there was no change in the income share held by lowest 10 per cent and 20 per cent. This points towards the fact that distribution of income in India after the globalization has favoured the rich.

Child Labour

The connection between child labour and globalization is somewhat mixed. While in some instances it has been noticed that child labour has increased in other cases it has decreased. In developing countries the trend has been one where the incidence of child labour has shifted from the domain of home and family to the more formal forms of employment. At the insistence of developed nations, a number of developing nations have now implemented strict regulations to discourage child labour. However, it cannot be denied that in developing countries child labour increases the total earnings of the family. Scholars and researchers like White have stated that child labour laws should be equipped to protect children from exploitation and lead to their exclusion from the labour market or pool, per se. Child labour and exploitation of children in the work force is something India has been long grappling with. The social fabric of India is such that even in well-to-do and educated families there are blatant violations when it comes to employing child labour. A sizable part of the child workforce in India is employed in the agricultural sector while the rest are employed either in the manufacturing sector or the unstructured and unorganized sectors like domestic help and roadside restaurants and food joints. The government has now swung into action and has pulled out all stops in implementing fair laws and policies so that the incidence of child labour is reduced substantially in the years to come. It is a truism to state that for child labour issues to be addressed properly it is imperative that such support like foods, clothing, shelter, health and education are provided to them and they are protected against all forms of exploitation.

Check Your Progress

1. Define globalization.
2. What is income inequality?
3. List the two parts of globalization.
4. How is poverty measured?
5. State the Stolper Samuelson theorem on international trade.

14.3 HUMAN RIGHTS VIOLATIONS

All human beings are born with their individual rights and fundamental freedoms that are equal before law. For the overall development of a citizen, human rights are important. The Constitution of India allows provisions for basic rights for its people as well as for foreigners, also known as Fundamental Rights. Clear fundamental rights and Undefined Fundamental Rights are separated. The privileges enshrined in the Constitution are often sometimes on par with the international treaty, the International Covenant on Civil and Political Law (ICPPR). The ICCPR refers to states and not to entities. Human rights are based, regardless of your

ethnicity, your faith or your views, on integrity, equality and mutual respect. The following are the fundamental human rights:

- **Universal:** All of us belong to them, everybody in the world.
- **Inalienable:** It is not possible to take them away from us.
- **Indivisible and interdependent:** Governments should not be able to pick the respected ones and choose them.
- **Human rights can be violated:** They are not invulnerable, although they are inalienable. Violations may prohibit citizens from enjoying their rights, but they do not prevent established rights from being enjoyed.
- **Human rights are important:** They are vital for democracy, justice and peace.

A state either directly or implicitly commits abuses of human rights. Violations may be either purposely carried out by the state or as a result of the inability of the state to avoid the violation. Different individuals, such as police, judges, lawyers, government officials, and many more, may be involved when a state engages in human rights abuse. In nature, the violation can be physically aggressive, such as police brutality, while rights such as the right to a fair trial, where no physical violence is involved, can also be abused.

The second form of breach, the state's failure to protect, occurs when there is a dispute within a community between individuals or groups. When the state does little to intervene and protect vulnerable persons and organizations, the abuses are part of it. In the United States, when lynching often took place across the nation, the state refused to protect black Americans.

Examples

Here are a few examples of abuses of human rights. By different legal, political, economic, cultural, and social means rights may all be violated. Although all the rights enshrined in the Universal Declaration of Human Rights and the legally binding International Covenants of Human Rights (ICCPR, CESCR) are deemed necessary. Some consider civil rights, which include the right to life, protection and equality before the law, to be 'first-generation rights'. Political rights also come into this group, including the right to a fair trial and the right to vote.

A. **Civil and political rights:** By genocide, torture, and arbitrary detention, civil and political rights are violated. During periods of war, these abuses sometimes occur, and when a human rights violation intersects with the violation of armed conflict rules, it is recognized as a war crime.

   Conflict can also lead to infringements of the right to freedom of speech and the right to peaceful assembly. As they seek to retain power and push down rebellious social powers, states are typically responsible for the violations. During periods of civil unrest, restricting human rights is a popular strategy for many governments.

Civil and political human rights abuses are not always related to particular disputes and can occur at any given time. As millions of men, women, and children are coerced into slavery and sexual abuse, human trafficking is actually one of the biggest problems on a global scale. In many countries around the world, religious discrimination is still very popular. Such abuses also happen due to the inability of the state to protect vulnerable groups.

B. **Economic, social, and cultural rights:** Economic, social, and cultural rights include the right to work, the right to education, and the right to physical and mental health, as defined in the UDHR. As is the case with all human rights, states and other actors may violate economic, social, and cultural rights. A handful of examples of how these rights can be abused are provided by the United Nations Office of the High Commissioner for Human Rights. Included are:
   - Contaminating water with waste from state-owned facilities (the right to health)
   - Evicting persons from their homes by intimidation (the right to adequate housing)
   - Denying programs and health records (the right to health)
   - Centred on characteristics such as race, gender and sexual orientation, discriminating at work (The right to work)
   - Failure to give maternity leave (protection of and assistance to the family)
   - Not paying an acceptable minimum wage (rights at work)
   - Segregating disability-based students (the right to education)
   - Forbidding the use of indigenous/minority languages (the right to participate in cultural life)

Responsible for human rights violations

States carry the primary burden of responsibility for protecting and promoting human rights in human rights treaties. They have a three-fold responsibility when a nation ratifies a treaty. They need human rights to be valued, secured and fulfilled. It's the responsibility of the government to intervene and prosecute those responsible of human rights violations. Everybody must be kept liable by the government.

This doesn't mean that civil society members still have no responsibility for stopping abuses of human rights. Businesses and organizations must comply with the laws of discrimination and promote equality, while the rights of others should be respected by any person. If human rights are violated either directly or indirectly by governments, civil society should keep them accountable and speak out. The international community is therefore obligated to track governments and their human rights records.

14.4 ENVIRONMENTAL THREATS AND THEIR IMPACT ON SOCIETY

NOTES

Existence, regardless of the environment, evolved and persists on earth. Since the world offers all the conditions of life required. Without its surroundings, no living being can exist. All living organisms affect their environment and are, in turn, affected by it. But the most intelligent species, man, communicates more vigorously with the environment than other creatures.

The demand for materials is growing rapidly with the rapid growth of the population. The situation is further exacerbated by industrialization and urbanization. It causes man to mercilessly manipulate nature. By cutting trees, killing livestock, polluting the air, water and soil, he destroyed forests and disrupted the ecological equilibrium.

The environmental crisis refers to the disastrous circumstances in which usual life pattern or ecosystem that requires timely measures to save and protect the environment has been disrupted. Man-made causes, accidents or neglect, result in major environmental harm or deflection. Natural disasters are triggered by environmental crises which seriously affect life, the economy, agriculture and food security. It is also one of the main problems of the world community. The cost of the ecological crisis is too high to bear.

Threats to the environment emerge from multiple sources, such as (1) the need to meet growing energy demands; (2) the impact of industrialization; (3) the impact of urbanization expansion; (4) the challenge of handling large amounts of solid waste; and (5) rising demands of the enormous population. Global warming, greenhouse effects, climate change, acid rain, ozone depletion, etc., are some of the emerging environmental crisis.

Global warming: Global warming has been one of the most widely debated environmental crises in recent years, generating worldwide concern. The heat balance of the earth is influenced by the constant increase of CO emissions from various sources into the atmosphere. The continuous rise in atmospheric greenhouse gas concentration absorbs more heat and stops the heat from radiating out to outer space from the surface of the earth. This raises the ambient temperature. This rise in the mean global temperature is referred to as global warming. Global warming is a consequence of a persistent rise in greenhouse gas concentrations. The rise of CO2, in the troposphere has resulted in a temperature increase.

Greenhouse Effect: Another environmental problem facing our planet is the Green House effect. Chlorofluorocarbons, carbon dioxide, methane (CH4) and nitrous oxide (N20) are all Greenhouse gases. The increased accumulation of greenhouse gases in the atmosphere has contributed to environmental changes. The amount of heat stored in the atmosphere depends on the amount of greenhouse gases concentrated in the atmosphere and the length of time they remain in the atmosphere.

Owing to the effects of greenhouse gases or radiative active gases, the lower level of the atmosphere traps heat by a natural process. More and more long-wave radiation or heat will trap the rising concentration of greenhouse gases in the atmosphere, resulting in an increased greenhouse effect. This increased greenhouse effect raises the global temperature and has resulted in global warming. The rising accumulation of greenhouse gases is now a global problem.

Climate Change: Weather refers to an area's average weather situation. It generally applies to climate change. It involves seasonal fluctuations, measured over a long period of time, atmospheric conditions and weather extremes. It is true that any minor changes in the environment can affect agricultural production, rainfall patterns, wind flow, and animal migration. Increased human activity and rapid population growth are largely responsible for climate change. Increasing greenhouse gas concentrations and global warming have disturbed the delicate equilibrium between various environmental components and disrupted the hydrological cycle that has contributed to climate variation in different locations in the world.

Acid Rain: As the name states, acid rain is the acidic water that comes down in the form of rain. Lightning naturally creates oxides of nitrogen. Nitrogen oxides are a category of primary contaminants that are formed by cars during petroleum combustion. Nitrogen and sulphur oxides are also generated in industries during the combustion of coal. These two gases are responsible for forming acids. In the atmosphere, these gases turn into nitric acid and sulphuric acid which mix with rainwater and thus cause acid rain. It is referred to as acid rain when these two acids come down to earth along with rain. There acid rain occurs in two forms, wet deposition and dry deposition. It impacts the lives of plants and animals, destroys buildings and stone statues. It decreases grain, forest and grassland productivity. In humans, it causes skin and respiratory disorders. The leaves of the plants turn yellow and brown due to the acidic rain.

Ozone Depletion: Ozone layer occurs between 20 and 26 km above sea level in the stratosphere. The ozone layer serves as a barrier which protects the planet from the destructive effects of the sun's ultraviolet radiation. Low ozone concentrations are also present in the troposphere. The ozone concentration is in the stratosphere at about 10 mg/kg of air. But with the shift of season, its concentration shifts in the stratosphere. It is determined using the Dobson Speedometer.

Ozone layer degradation occurs as a result of air pollution. Yet chlorofluorocarbons, nitrogen oxide and hydrocarbons are the primary causes of this. Ozone depletion has contributed to the creation of a large hole in the layer that was first observed over the Antarctic in 1985 and later over the Arctic in 1990. As a result, ultraviolet radiation directly penetrates the earth and cause various health hazards and impact the food chain.

NOTES

Environmental Impact on Society

Man affects the environment the most of all living organisms and can also change the environment to some degree as per his needs. We are influenced by changes in the climate. Man has, by his practices, shaped the world since the beginning of human society.

Rapid population growth, industrialization, faster transport, urbanization and rising human activities have all led to environmental pollution. Environmental pollution affects society in many ways. Environmental pollution causes major issues such as global warming, ozone layer degradation, biodiversity elimination, etc.

Human needs do not have an end. One of the essential needs of human beings is the ability to create. Nature has been vigorously exploited to meet its growing needs and create human beings, leading to significant environmental degradation and pollution. This can have an influence on society as follows:

1. Environmental pollution has led to a rise in air temperature, resulting in global warming.
2. Air pollution has resulted in ozone layer degradation, which poses several health threats.
3. It can contribute to acid rain and smog.
4. It propagates various kinds of diseases in society.
5. It affects soil fertility and has contributed to food scarcity. Environmental pollution poses a formidable threat to the quality of life and regulates the process of development.
6. It promotes environmental consciousness in various parts of society.
7. This contributes to climate change that impacts production and lifestyle.
8. Terrestrial habitats are disrupted.
9. This has contributed to the regular occurrence of environmental catastrophes, bringing about changes in society.
10. It places renewed focus on non-conventional sources of energy.
11. This generates a need for careful planning and effective management of the environment.
12. Sustainable development is replacing economic development.
13. It generates the need for safe living for the preservation or safety of the ecosystem.
14. It generates the need for afforestation compensation on non-forest lands.

A new policy launched in the 2010-11 budget imposed a 5% cess on coal to create a separate renewable energy promotion fund. This can be used to meet environmental conservation costs and is justified by the ‘polluter must pay’ concept. The imposition of a cessation of electricity for agricultural use, to be enforced in areas where groundwater has fallen too low, is another environmental support plan.

NOTES

Check Your Progress

6. What do economic, social, and cultural rights include?
7. What is acid rain?

14.5 ANSWERS TO CHECK YOUR PROGRESS QUESTIONS

1. Globalization can be defined as the process of integration of economies and societies. It is about the intermingling of different cultures.
2. Income inequality is the difference that exists among the people in the distribution of their assets, wealth, or income.
3. Globalization can be split into two parts. The first part includes factors like technology, trade, flow of information, investment, communication and technology. The second part consists of policies having impact on the factors mentioned in the first part.
4. Poverty is typically measured by choosing a poverty line, which reflects the minimum income or consumption necessary to meet basic needs.
5. The Stolper Samuelson theorem on international trade states that the 'abundant' factor triggers an increase in the real income when a country opens up to trade.
6. Economic, social, and cultural rights include the right to work, the right to education, and the right to physical and mental health, as defined in the UDHR.
7. Acid rain is the acidic water that comes down in the form of rain.

14.6 SUMMARY

- Globalization can be defined as the process of integration of economies and societies. It is about the intermingling of different cultures. Globalization leads to interdependence of economies on the economic well-being and productive capability of other economies.
- Income inequality is the difference that exists among the people in the distribution of their assets, wealth, or income. Other different terms are also used to define this form of inequality, such as economic inequality, wealth gap, gap between the rich and poor and wealth disparity, all of which basically connote the same meaning, i.e., income inequality.
- The liberalization of the economy in India happened in the 1990s when the first policies were initiated and implemented by the then Finance Minister Dr Manmohan Singh. India has now become the 4th largest economy in the world in terms of the purchasing power parity (PPP).

- It is a fact that the growth of the economy is an important yardstick in the reduction of poverty levels, and therefore the rise in the economic condition of India has had a favourable impact on the rate of poverty in the country.
- Due to sustained introduction and implementation of liberalization policies, India has become a consumer-oriented market, which is governed by the changes, brought about by the demand and supply forces.
- The service sector has a share of around 54 per cent of the annual Gross Domestic Product (GDP). The share of the agricultural and industrial sectors in the annual GDP is 17 per cent and 29 per cent.
- With globalization and the introduction of good seeds, fertilizers, modern farming techniques and better farm equipment, considerable improvement in agriculture has been possible. This has increased the produce in terms of quantity as well as quality.
- Overall, globalization has had a positive effect on the overall health care situation in the country. Medical innovations are constantly being made and this has brought about improvement in the health situation of the rural poor in India.
- Globalization can be split into two parts. The first part includes factors like technology, trade, flow of information, investment, communication and technology. The second part consists of policies having impact on the factors mentioned in the first part.
- One of the most contentious issues in the analysis of the impact of globalization on poverty is the benchmark and yardstick to be used for measuring globalization and poverty. Most contributors favour the use of policy measures of direct nature, such as tariffs or quotas, instead of trade volumes. Trade volumes are depicted in shares or parts, being exports plus imports divided by GDP.
- How globalization is measured determines whether globalization is good for the poor. Export related activity and foreign investment measures are generally linked with poverty reduction, while activities like the elimination of protection or import shares are indicators of rising poverty. Poverty is typically measured by choosing a poverty line, which reflects the minimum income or consumption necessary to meet basic needs.
- By far the most important tool for monitoring poverty since the 1960s has been the Household Consumer Expenditure Surveys conducted by the National Sample Survey (NSS) Organization. Various methods have been used to measure poverty with the NSS data. The estimates use household consumption expenditure per person as the indicator of individual welfare, and they use the urban and rural poverty lines developed by India's Planning Commission (Government of India, 1979).
- While tracing the theoretical linkages between globalization and poverty, the Stolper Samuelson theorem on international trade is perhaps very

appropriate and relevant for study. The theorem states that the 'abundant' factor triggers an increase in the real income when a country opens up to trade. In developing countries like India the 'abundant' factor is unskilled labour and as per the theorem, this framework suggests that the unskilled poor in these developing economies gain the most from trade.

- Production costs and consumption goods also have an impact on poverty in the overall process of globalization.
- The urban poor are the consumers of the produce made by the rural poor and an increase in the price of such agricultural produce would lead to increased level of poverty for the urban poor, while the rural poor would see a drop in poverty levels. This syndrome is backed by extensive studies carried out in countries like Zambia (maize production), Ethiopia (grain production) and Mexico (corn production).
- The process of globalization took off during the 1990s with the advent of liberalized policies rolled out by the then Government of India. This caught up momentum during the 2000s and India accelerated its process of globalization.
- Globalization in India has opened the doors for international trade, production and capital. Since globalization, the GDP of India has witnessed a healthy rise.
- The job market in India also witnessed a sea change due to the ushering of globalization. The job market matured and became more competitive and wage rates have improved significantly over time.
- Some economists and researchers have concluded that the overall benefits derived through globalization are far larger than the overall costs incurred.
- People living below the national poverty line have been reduced to half during the period post globalization.
- Due to this unprecedented progress in economic activity levels, the distribution of income has spread to cover a larger segment of the society. This in turn has brought about a decrease in income disparity in certain societies.
- A sizable part of the child workforce in India is employed in the agricultural sector while the rest are employed either in the manufacturing sector or the unstructured and unorganized sectors like domestic help and roadside restaurants and food joints.
- The Constitution of India allows provisions for basic rights for its people as well as for foreigners, also known as Fundamental Rights. Clear fundamental rights and Undefined Fundamental Rights are separated. The privileges enshrined in the Constitution are often sometimes on par with the international treaty, the International Covenant on Civil and Political Law (ICPPR).

NOTES

- Civil and political human rights abuses are not always related to particular disputes and can occur at any given time.
- States carry the primary burden of responsibility for protecting and promoting human rights in human rights treaties. They have a three-fold responsibility when a nation ratifies a treaty. They need human rights to be valued, secured and fulfilled. It's the responsibility of the government to intervene and prosecute those responsible when violations occur.
- Existence, regardless of the environment, evolved and persists on earth. Since the world offers all the conditions of life required. Without its surroundings, no living being can exist. All living organisms affect their environment and are, in turn, affected by it. But the most intelligent species, man, communicates more vigorously with the environment than other creatures.
- The environmental crisis refers to the disastrous circumstances in which usual life pattern or ecosystem that requires timely measures to save and protect the environment has been disrupted.
- The continuous rise in atmospheric greenhouse gas concentration absorbs more heat and stops the heat from radiating out to outer space from the surface of the earth. This raises the ambient temperature. This rise in the mean global temperature is referred to as global warming.
- The increased accumulation of greenhouse gases in the atmosphere has contributed to environmental changes. The amount of heat stored in the atmosphere depends on the amount of greenhouse gases concentrated in the atmosphere and the length of time they remain in the atmosphere.
- It is true that any minor changes in the environment can affect agricultural production, rainfall patterns, wind flow, and animal migration. Increased human activity and rapid population growth are largely responsible for climate change. Increasing greenhouse gas concentrations and global warming have disturbed the delicate equilibrium between various environmental components and disrupted the hydrological cycle that has contributed to climate variation in different locations in the world.
- Rapid population growth, industrialization, faster transport, urbanization and rising human activities have all led to environmental pollution. Environmental pollution affects society in many ways. Environmental pollution causes major issues such as global warming, ozone layer degradation, biodiversity elimination, etc.

14.7 KEY WORDS

- **Globalization:** It is the process by which businesses or other organizations develop international influence or start operating on an international scale.

- **Income inequality:** It refers to how unevenly income is distributed throughout a population.
- **Per capita income:** It is a measure of the average income earned per person in a given area in a specified year.
- **Poverty:** It is the state of not having enough material possessions or income for a person's basic needs.
- **Global warming:** It is the unusually rapid increase in Earth's average surface temperature over the past century primarily due to the greenhouse gases released as people burn fossil fuels.

14.8 SELF ASSESSMENT QUESTIONS AND EXERCISES

Short-Answer Questions

1. What are the fundamental human rights?
2. List the sources from where threats to the environment emerge.
3. How does global warming affect the environment?

Long-Answer Questions

1. How has the globalization affected agriculture in India? Explain.
2. What is the theoretical linkage between globalization and poverty? Explain with examples.
3. Describe the impact of globalization on the Indian economy.
4. Elucidate the statement, 'globalization has contributed negatively by making poor societies poorer and more unequal.'
5. Discuss some examples of human rights violations.

14.9 FURTHER READINGS

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